

34
Copy
THE FINANCIAL LINE OF DEFENSE

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THE CONDITION OF BUSINESS

8

THIS IS WORTH FIGHTING FOR

JAMES TRUSLOW ADAMS 20

FOLLOW THROUGH!

IRWIN AND KIRKPATRICK 24

PENNYWISE ADVERTISING

ROY DICKINSON 26

CARE IN WRITING CHECKS

MILTON WRIGHT 29

BRITAIN'S COST OF LIVING CONTROL

F. BRADSHAW MAKIN 31

★ **ORGANIZATION SECTION**

65

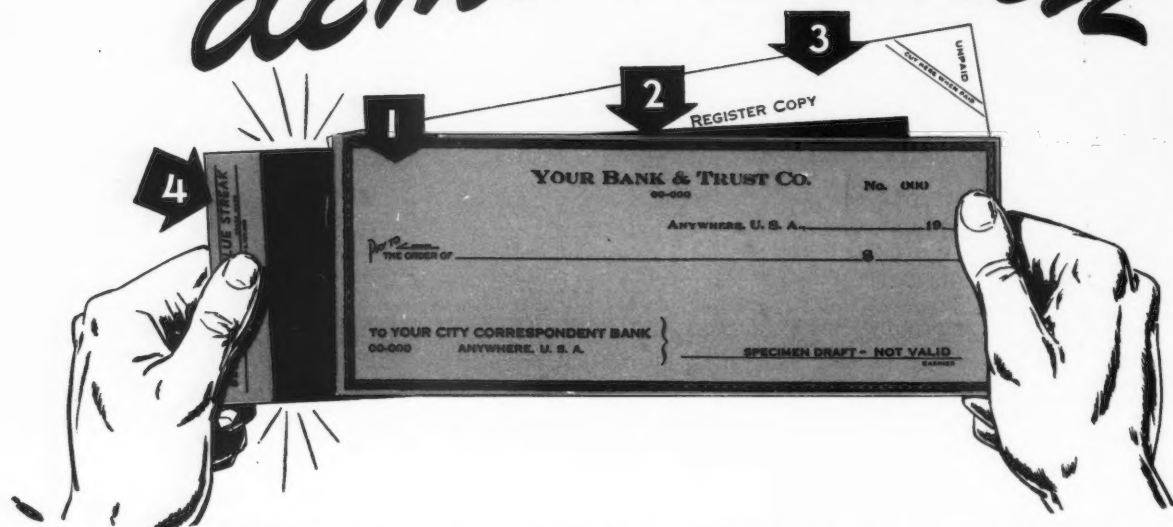
THE IMPACT OF WAR ON BANKING

MAX CAVANAGH 68

JANUARY, 1942

HELP FOR NEW INCOME TAXPAYERS . . . WARTIME PRECAUTIONS . . . CONSUMER CREDIT
FROZEN FUNDS . . . EQUIPMENT AND IDEAS . . . NEWS FROM CANADA . . . COMMUNITY TRUSTS
CHARTS FOR DIRECTORS . . . COST OF LIVING BONUSES . . . FARM CREDIT . . . WASHINGTON

A 2-minute demonstration



...OF BETTER OFFICIAL CHECK CONTROL

1 This represents your Draft, Cashier's Check, Treasurer Draft, or Bank Money Order. For your safety, it is produced on paper that has exclusive fraud-prevention features. Unobtainable in blank form, crooks cannot counterfeit it. Nor can they alter its unique alteration-defying surface. Insurance guarantees this protection. Issuance is faster, easier and more accurate because...

2 ...bound-in, one-time carbons—always ready for instant use, without smudging hands or records—give you...

3 ...one or more exact copies of the original check. You eliminate one or more posting operations by using one copy as a register, from which entries are made to the general ledger. When filed numerically the copy also serves as an outstanding register. Upon payment of the draft, the copy is removed and filed according to date of payment. The paid original is filed numerically. This cross reference enables you to trace items instantly; gives you better control.

4 The Blue Streak binding and carbon snap away from the completed forms at a flick of the wrist. More time saved!

Cut posting operations, enjoy greater safety, and speed up service with resulting economy, efficiency and better customer relations. Send for sample forms to fit your needs.

Todd
COMPANY, INC.

ROCHESTER NEW YORK
OFFICES IN ALL PRINCIPAL CITIES

THE TODD COMPANY, INC., ROCHESTER, NEW YORK

Gentlemen:

Please send samples of Blue Streak, side-bound forms, designed to make our disbursement procedure faster, safer, more accurate and neater.

NAME _____ TITLE _____
BANK NAME _____
ADDRESS _____
CITY _____ STATE _____

Just a Minute

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

CONTENTS FOR JANUARY 1942



DECEMBER 8, 1941

President Roosevelt signs the declaration of war with Japan

Text for the New Year

"With confidence in our armed forces, with the unbounding determination of our people, we will gain the inevitable triumph. So help us God."—PRESIDENT ROOSEVELT in his War Message of December 8.

In Action

THE FINANCIAL front sector held by banks is too familiar a terrain to need description here. Already banks have been mentioned in dispatches, particularly for their efforts on behalf of Defense Bonds and for their cooperation with the Government in carrying out the "freezing" program.

They are doing, of course, many other things, a few of which are mentioned on page 19.

It Is

"THIS IS WORTH FIGHTING FOR," by JAMES TRUSLOW ADAMS, reminds us of the part taken by banks—especially small banks—in the past and present of the Republic, and of the necessity for carrying on the Main Street tradition in the future.

(CONTINUED ON PAGE 3)

Just a Minute	1
The Condition of Business	8
The National Prospect	10
Books	17
The Financial Line of Defense	19
This Is Worth Fighting For James Truslow Adams	20
The Community Trust John L. Toomey	23
Follow Through! J. Will Irwin and Bob Kirkpatrick	24
Pennywise Advertising Roy Dickinson	26
How Canada Finances Victory C. M. Short	28
Care in Writing Checks Milton Wright	29
Britain's Cost of Living Control F. Bradshaw Makin	31
Five Coupons for a Waistcoat Pictures	33
Telling Directors O. E. Leamon	34
The National Effort Pictures	36
A Bank's Open House Pictures	38
The Legal Answer Page	41
Help for New Income Taxpayers Herbert M. Bratter	42
Pension Trusts J. Blake Lowe and John D. Wright	45
Equipment and Ideas John J. McCann	48
North of the Border	53
Heard Along Main Street Albert Journeay	54
The 1942 Market for Bank Services I. I. Sperling	58
Today's Consumer Credit Hazards Kenneth R. Wells	61
Booklets at Your Service	63
Index to Advertisers	64
ORGANIZATION SECTION	65-88
Now Comes War William R. Kuhns	67
The Impact of War on Banking Max Cavanagh	68
Cost of Living Bonuses William Powers	71
Wartime Precautions	72
Picture Log	73
A Job for Farm Credit	77
The Round Table	79
Organizations Afield John J. McCann	80
News Paper	82
Convention Calendar	85

BANKING — Published monthly by the American Bankers Association, 22 East 40th Street, New York, N. Y., U. S. A. — \$3.00 per year.

Volume XXXIV, No. 7. Copyright 1942, American Bankers Association, Harold Stonier, Executive Manager, William R. Kuhns, Editor, Assistant Editor, John L. Cooley, Editorial Assistants, August A. Small and Mary B. Leach. Field Representatives: Alden B. Baxter, Advertising Manager, Prentiss Jackson, Jr., Malcolm Davis, 22 E. 40th St., New York City; Robert W. Kneebone, Western Manager at 230 N. Michigan Ave., Chicago, Ill.; Stanley Ikerd, Los Angeles, Cal. Washington office, Washington Building, 15th St. and Pennsylvania Ave.; Circulation Manager, Robert J. Stiehl. Subscriptions: \$3 yearly; Canada, \$3.50; foreign, \$4.00; single copies, 25 cents. Entered as second-class matter May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Additional entry at Concord, N. H. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

SPARE TIRE FOR DEFENSE



"IS IT SYNTHETIC?" people often ask about new products. The truth is that practically every article you see, every product you touch is synthetic—in effort if not composition. For all goods, from the simple sugar cube to the delicate instruments of a plane, follow the combined effort of individuals and machines in many industries: coal mines, oil refineries, steel mills, power plants, copper smelters, farms and factories . . . *working together as a unit.*

A broken link anywhere in the great chain of production is a flat tire that halts progress and deflates output in every stage from the farm or the mine to the pretty paint finish. Not until this blow-out is repaired can the march of defense resume for men and machinery, trains and trucks, executives and engineers. Today as never before, the nation stresses the value of agencies whose task is to stop stoppage and to clear the track for high speed in defense manufacture. Insurance, a spare tire for defense, strives to keep INDUSTRIAL TEAMWORK going!

★ THE HOME ★
Insurance Company
 NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE

INSURANCE

Aids Industrial Teamwork



By promptly replacing property losses Insurance is industry's spare tire for defense. When mishaps occur, it cushions the financial shock by indemnifying lost funds intended for taxes, rents, bond interest, maintenance, profit incentive, etc. Investing its reserve dollars in industry, Insurance tends to stabilize financial requirements for production.

JUST A MINUTE—Continued

The small bank, says Mr. ADAMS, "stands in the very front line in this war" and its biggest job is to insure "what we are really fighting for—the American way of life and our American dream of opportunity for all."

Mr. ADAMS, as you know, is a student and interpreter of the American scene. He is also, as you may not know, a member of the banking fraternity, qualifying by virtue of his membership in the Bridgeport (Connecticut) People's Savings Bank; furthermore, as he mentions in the article, he was formerly a vice-president and director of a "small suburban bank" (The First National of Summit, New Jersey), and a member of a New York Stock Exchange firm.

This is his first contribution to BANKING.

GSB Reporters

WAR and the defense program have brought problems, as well as opportunities, to banks.

To get some expert light on what the problems are and how they're being solved, BANKING asked a number of alumni of The Graduate School of Banking, working in strategic localities, for information on the whole question.

The replies are summarized this month by MAX CAVANAGH, assistant vice-president of The National City Bank of New York, in "The Impact of War on Banking." Mr. CAVANAGH, in

addition to being a GSB man, has had wide banking experience. For many years he has served in the foreign department of the National City, and for a time was on the staff of that bank's organization in Manila.

British H. C. of L.

LAST month STEPHEN LEACOCK reported on Canada's price control experiment. This month F. BRADSHAW MAKIN, who sends us excellent word pictures of British banking and economy, tells an interesting story about rationing in England and the Isles.

If you're tempted to complain about the increasing scarcity of this or that, read pages 31 and 32, and then do some quiet philosophizing.

Bank Equipment

IN OUR Methods and Ideas department this month you'll find, for the first time, material devoted to news about bank equipment.

The purpose is to inform banks about developments concerning the machines and services that are available for making the banking business more efficient. The sources of the information will be the banks themselves and the manufacturers.

Obviously, the usefulness of this material would be impaired if we did not, as the phrase goes, "name names." So we shall plainly label each piece we report on. After all, that's part of the story.

(CONTINUED ON PAGE 5)

"Oh, those? They pay our taxes every month"



JOHN LAUFF

R. G. RANKIN & CO.

CERTIFIED
PUBLIC
ACCOUNTANTS

Examinations
of
Banks and Trust Companies
for
Directors' Committees

NEW YORK
CHICAGO
WASHINGTON

SPECIALISTS IN

UNITED STATES GOVERNMENT SECURITIES

•
GUARANTEED ISSUES
FEDERAL LAND BANK
OTHER AGENCY ISSUES
TERRITORIAL AND
MUNICIPAL BONDS
•

C. J. DEVINE & CO.

48 WALL STREET, NEW YORK
HAnover 2-2727

CHICAGO • BOSTON • PHILADELPHIA
CINCINNATI • ST. LOUIS • SAN FRANCISCO

Direct Wires to all Offices

If your Bank is looking for more loans



New York: 72 Wall St • Chicago: 1 No. LaSalle St • San Francisco: 37 Drumm St • Los Angeles: W. P. Story Bldg.
Buffalo • Boston • Philadelphia • Kansas City, Mo • St. Louis • New Orleans • Charlotte, N.C • Jacksonville, Fla.
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu



consider groceries

If you have wholesale grocers and super-marketmen on your books, with large marketable inventories listed in their balance sheets, you have an excellent prospect of getting more loan business. Suggest to such companies that you can advance them money against their inventories through the use of Lawrence Field Warehouse Receipts. The goods remain on their premises; needed working capital is released for use in the business and your Bank gets new, sound and profitable loans. Write for booklets describing how your Bank can increase its loans and profits

LAWRENCE SYSTEM *field warehousing*

FOR BANK LOANS AGAINST INVENTORY

JUST A MINUTE—Continued

We aim to make this new section newsy. Frankly, the major test that will be applied to information considered for publication is this: Is it news?

An Insurance Policy

In "PENNYWISE Advertising" (page 26) ROY DICKINSON of *Printers' Ink* fame makes out a strong case for continued advertising, even though a company has its books jammed with defense orders or is short of raw materials.

"Sound management," says he, "which continues to invest money in advertising is definitely building for the future, is buying an insurance policy for the benefit of its workers and its stockholders."

Mr. DICKINSON recalls that this isn't a new idea. Rather, it was suggested years ago by William H. Lever (Lord Leverhulme) who believed advertising was "business insurance, nothing more, nothing less; not salesmanship in print, not something to be taken up today and stopped tomorrow, but as much a part of the business as auditing or accounting."

This is an approach to the advertising budget which may well be borne in mind at present. After all, goodwill has proved to be just about the truest friend any business can have.

A Communication to Philatelists

COMMENTING ON the November picture story "Banks in Philately," EUGENE F. HUBER, president of the Los Angeles Bankers Stamp Club, told us something about that organization. Organized early this year under auspices of the public affairs committee of Los Angeles Chapter, American Institute of Banking, the club holds semi-



"No, you don't get an extra dollar out of your pay check for lunch money. . . . That's just the way inflation starts."

REHER, CONSOLIDATED NEWS FEATURES

Dependable Service

This new year will present a real challenge to every business organization. We approach it confident that our standards of service will be maintained. Last year we delivered checks to an average of 4,175 banks each month. This year we hope to serve even more and we expect to do it as carefully and as quickly as in the past.

Positiveness is not always in good taste during a period of uncertainty, but we hold the strong conviction that there will be no restrictions placed

upon the use of bank checks. Any curtailment would increase the printing of currency, which would have a far-reaching and undesirable effect upon our economy.

To those banks who now favor us with their patronage we express our deep appreciation and we assure them that our thoughts throughout the coming year will be focused upon service to our customers. To those who seek a dependable source of supply for bank checks, we offer the facilities of our five plants.



Manufacturing Plants at

NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL

There's more to a satisfactory correspondent banking relationship than the performance of the generally accepted functions of a correspondent—i. e., handling transit checks and collections.

The ability and the desire to "go out of the way" to handle unusual situations and transactions are important, too.

**NATIONAL BANK
OF DETROIT**

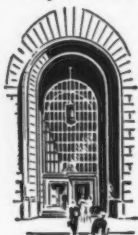
Complete Banking and Trust Service

DETROIT, MICHIGAN

CORRESPONDENT SERVICE IN SOUTH AMERICA

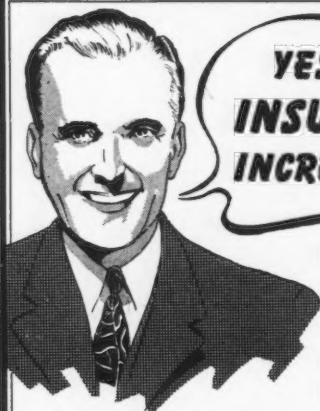
AMERICAN banks are invited to utilize the correspondent facilities available through the 21 branches of this bank in Central and South America. The Royal Bank of Canada which has been closely identified with Latin American trade and commerce for many years, offers to American banking houses a well-informed, efficient service in the south.

*Inquiries invited through our
Business Development Department
New York Agency, 68 William Street*



**THE ROYAL BANK
OF CANADA**

Assets exceed \$1,000,000,000
Head Office—Montreal



**YES! CREDIT LIFE
INSURANCE HELPS US
INCREASE LOAN VOLUME**

Banks using Credit Life Insurance to protect Personal Loans are unanimous in their endorsement of this service to help build loan volume.

The security furnished by insurance on the life of the borrower makes possible a diversification of single name, endorsed and other types of personal loans with safety and profit to the bank.

*Without obligation, our brochure furnishes
complete details . . . Write today.*

**The Credit Life
Insurance Company**

SPRINGFIELD, OHIO

"Insurance on the Life of the Debtor in Favor of the Creditor"

monthly meetings in the chapter rooms. At the time of writing there were a dozen active and several inactive members, and the group was planning to increase its size.

"Our officers," said Mr. HUBER, "would welcome the opportunity to correspond with other philatelic banking groups in order to avail ourselves of their experience and such advice and suggestions as they might have to offer."

Freezing

ONE of the difficulties with freezing control has been that the regulation itself was formidably frigid—that is, difficult to understand.

As we have reported before, the Treasury, the American Bankers Association and the secretaries of the state bankers' associations cooperated in an effort to eliminate kinks that were hindering the control machinery. The result was threefold:

First, a country-wide series of conferences sponsored by the Treasury and supported by the A.B.A. has been held for the benefit of bankers puzzled by the Government's requirements. Second, the subject of money control was reduced to layman's language. Third, plans have been made for a motion picture, designed to educate the general public on the whys and wherefores of freezing, and patterned after the Treasury Department's widely distributed "Know Your Money," which deals with counterfeiting.

In this issue of BANKING there are several pictures taken for us at the recent freezing control meetings in various cities. The war interrupted the

"Remember Pearl Harbor!"

This scene—New Yorkers enlisting a couple of days after December 7—was duplicated in many American cities



ACME

BANKING

tour last month, but bankers in several cities had an opportunity to get the answers to some of the practical problems caused by the regulation.

He Knew

MILTON WRIGHT, who wrote "Care in Writing Checks," tells this one:

A slightly deaf fellow sat in a class of bank workers attending a lesson on methods of detecting forgeries.

"There are two methods of making erasures on checks—frictional and chemical," said the teacher.

At the close of the lesson there was a quiz session. He called on the deaf fellow.

"Mr. Goober," asked the teacher, "how many methods are there of making erasures on checks?"

"Two," replied Mr. Goober. "Fictional and comical."

Public Relations

"YOU WILL undoubtedly recall the series of radio broadcasts produced under the auspices of the San Francisco Chapter during last Summer," writes WILLIAM T. DUNN, publicity chairman of San Francisco Chapter, American Institute of Banking.

"We knew," he continued, "that these banking messages had reached quite a large number of people of central California, but we did not know that our modest public relations effort was going to receive a very nice notice in the national magazine *Sales Management*, nor that the widespread circulation of that excellent publication would develop a 'public' in far away Zurich, Switzerland."

Mr. DUNN enclosed a photostat of a postcard the chapter had received from W. Naegeli of Zurich, requesting the scripts of the broadcast.

Tell Us

BANKING would like more news about banks and bankers in the war.

If your institution is helping Uncle Sam in some interesting way, write us about it. Also, we'll welcome stories about bank employees who are in the armed services or who are helping in some branch of civilian defense.

We can't promise to publish every story; but we'll try to use any that seem to be of interest to someone else.

Yes, that goes for pictures, too.

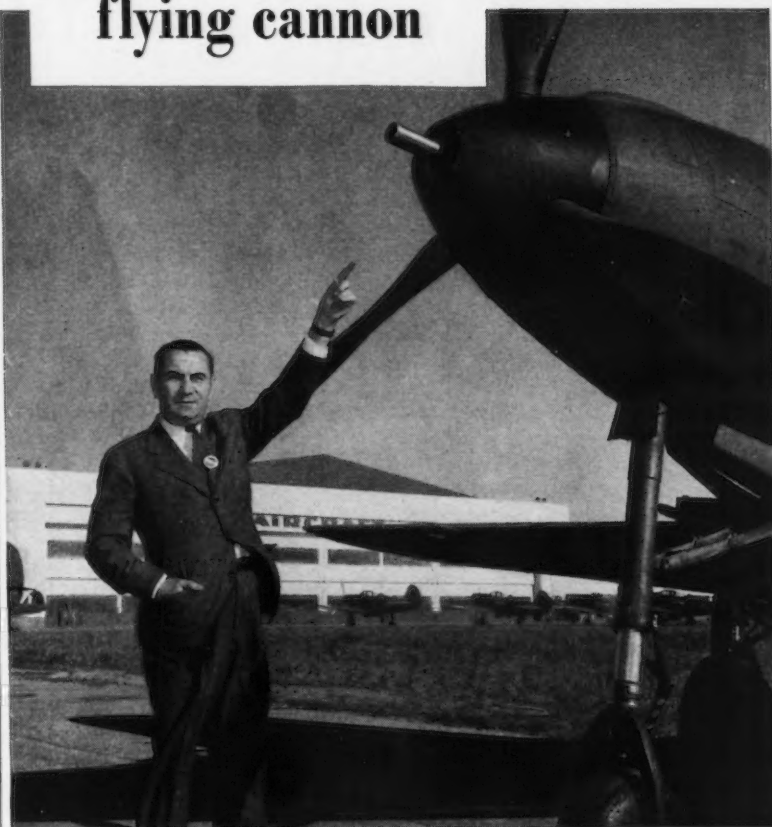
Another Wartime

IN HIS journal for August 5, 1861, RALPH WALDO EMERSON wrote:

"The war goes on educating us to a trust in the simplicities and to see the bankruptcy of all narrow views."

January 1942

Mr. Bell makes a flying cannon



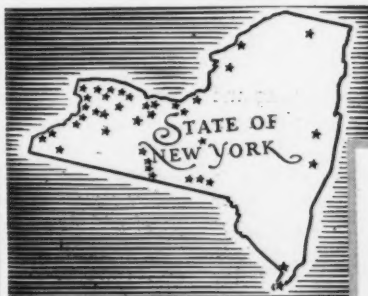
THIS is the famous Bell Airacobra. As its producer, Mr. Larry Bell, points out, it is the only single engined fighter plane built in the U. S. with an explosive shell firing .37 mm. cannon... as potent against tanks and other ground forces as it is against invading aircraft.

Today these cannon on wings are rolling off the Bell Assembly line in Buffalo and Niagara Falls and are joining the first line fighting forces of the U. S. Army Air Corps and the British R. A. F. Like most other

Niagara Frontier plants now turning out defense orders, the Bell Aircraft Corporation is a customer of the Marine Trust Company. In President Larry Bell's words...

"I like to do business with a bank whose record of 'firsts' shows the same kind of thinking we try to follow at Bell Aircraft".

The Marine was the first Western New York bank to establish adequate Pan-American trade facilities, the first to open a Night Transit Department for speedier collection of out-of-town checks. But perhaps the greatest advantage the Marine offers to business men throughout the country is its state-wide affiliation with nineteen other Marine Midland banks. Marine Trust Co., Buffalo, N. Y.



ALL OVER THE MAP—Through 91 affiliated Marine Midland banking offices in 39 New York State communities, the Marine now offers virtually complete coverage in the world's greatest market area.

**MARINE
MIDLAND
KNOWS NEW YORK STATE**

MARINE TRUST COMPANY, BUFFALO, N. Y.

The Condition of BUSINESS

THE OUTLOOK. War will be our first order of business for several years to come because the few possibilities of an early peace are so remote that they can be skipped over entirely.

The main tasks ahead of business right now are to gear itself completely into the needs of the Army and Navy, to expand the production of war supplies to the utmost and to pay what it costs. While it is impossible in war to pay as you go, there is one thing close to it that should not be overlooked.

BONDS OR TAXES. Tax-paying citizens might be offered an alternative of buying a certain number of bonds in lieu of a certain part of the increase in taxes incident to the war. These bonds would mature after the war has been won. This would be nothing more than frankly facing the realities of the situation. As matters now stand, tax-paying and bond-buying are largely in competition with each other. A person facing an unprecedented tax bill in 1942 and thereafter is not an ideal prospect for bond purchasing. The whole program of selling bonds for war purposes thus faces a barrier of sales resistance in the form of tax obligations, whereas the two things are identical from the point of view of the Treasury, which simply needs some money to defeat our country's enemies. The proposition would be an out and out choice between a percentage of war taxes and war bonds, the ratio being fixed on a reasonable basis which would take into consideration public psychology. One big advantage of such a plan would be to relieve the depressing effect of heavy taxes on public morale and another would be to eliminate the vast promotional effort needed to sell defense bonds under present circumstances.

SMALL BUSINESS HURDLES. In shifting to new products or in being obliged to expand capacity rather rapidly or in the job of turning out some product of higher quality than usual, small industries are often put to a severe test.

The difficulty is particularly acute in smaller industries where they do not have access to new and specially trained personnel nor do they have as a rule the flexibility in their management which might enable them to take over new, unfamiliar types of production and do a job that would satisfy the Army or Navy.

The various efforts to stimulate subcontracting and spread military orders to smaller and non-defense industries has done much to create an illusion that this is a simple thing to do. Much of the difficulty experienced by firms accepting Army and Navy orders for the first time has been due to the fact that they did not understand the difficulties involved in changing over machinery, and retraining old personnel and finding new, skilled manpower.

Small industries attempting to handle government contracts at present suffer greatly from a scarcity of workmen, from high-cost production methods in general and delivery expenses that are high in comparison

with larger manufacturers producing the same goods.

Consequently they find themselves unable to make deliveries on time and thus suffer the various penalties in the matter of compensation that the Army imposes for failure to deliver or tardiness in completing the order. It is absolutely necessary for the military authorities to be strict about prompt deliveries because a great deal depends on getting the materials when they are needed and planned for.

FROM GOVERNMENT'S VIEWPOINT. A great many of the things that the Army and Navy require, including every variety of equipment and mechanical parts, are new. Clothing designs are different from anything required for civilian purposes and different too in many cases from anything used heretofore. The inspection must be strict because of the vital use for which the goods are destined.

The Army, Navy and other governmental purchasers of defense goods are doing everything possible to see that there are no delays due to man-failure, machine-failure or excessively strict inspections. They are enlisting the aid of the most experienced individuals in every essential line of production to aid in getting the best and the quickest delivery.

REBIRTH OF THRIFT. A task that is going to occupy an increasing amount of attention is education in a type of thrift that will be almost an innovation in this country. The prodigious waste of materials of every kind to which most Americans have been accustomed in their lifetimes and regard as a natural state of affairs, will be gradually discouraged. A nationwide organization is being set up with the intention of reaching every industry and household in the country with instructions, suggestions and facilities designed to save some of the vast quantity of material now thrown away.

CROSS INDEX. After a slight lull reflecting reduced activity during November, BANKING'S cross index, based on a poll of 3,000 bank directors and presidents throughout the country, again pointed to an upward trend.

Seventy-two per cent of those polled this month said the volume of business activity was increasing, 19 per cent reported conditions as static and 9 per cent noted a decline. Last month 60 per cent reported an increase in business activity, 27 per cent a static condition and 13 per cent a decline.

The composite cross index figure this month is 89, compared with 82 the previous month.

This month 67 per cent of those reporting an upward trend in business say that the defense program is the reason. Last month the figure was 72 per cent.

The percentage of bankers reporting increased loan activity traceable to the defense program is 21 per cent, compared with 15 per cent last month.

WILLIAM R. KUHN

After Victory comes the serious problem of

RECONSTRUCTION

... it can be solved by reducing farm costs

America's future depends on the cost at which the necessities of life can be provided. The basic cost of all these things is determined by farm production costs.

If we permit the cost of living to increase, due to increasing farm production costs, there can be only one result—a vicious upward spiral of inflationary prices. The Nation's price structure would be high. Everything would cost too much to buy at home, and be priced too high to sell in world markets after the war.

If we reduce the cost of production on the farm we create a low cost of living, and a low price structure for all goods. Instead of the distress that comes with high prices, we would enjoy the prosperity that comes with low prices. Things would be plentiful and easy to buy. Everyone would be busy producing enough to meet the demand at home and abroad. This would mean continuous prosperity for the farmer, for labor, and for industry.

The world has marveled at the American standard of living. There is only one way to maintain it through the period of reconstruction. That is by immediate action to

reduce the cost of production on the farm. This can be done by the universal use of the Ford Tractor with Ferguson System, which revolutionizes farm production methods.

Modernization of farms with this highly efficient equipment will enable the American people to maintain their standard of living under the impact of defense and reconstruction. There is no other way to meet the problem that confronts us in this National emergency.

Lower farm production costs lead to

Lower cost of living

Low prices for manufactured goods

Maximum employment for all

A prosperous agriculture

National security and prosperity.

This can be accomplished without financial assistance from the Government or increased tax burden.

Disaster followed the last war because no plan had been made to avoid it. To avoid another disaster, I now urgently emphasize the necessity for planning reconstruction through the modernization of every farm. It will be too late if we wait until the end of the war.

Harry Ferguson

President

Ferguson-Sherman Manufacturing Corporation
Dearborn, Mich.

The National Prospect

The Washington news in The National Prospect is reported for BANKING by HERBERT M. BRATTER.

Washington, D. C.

Enlistment of Current Income

INFLATION FEEDS on current income, rather than on the money that now rests in the vaults of savings banks," Secretary of the Treasury Morgenthau told state administrators and chairmen of the defense savings staff at their Chicago meeting.

"Therefore," continued the Secretary, "the most effective course for us, as we have known from the very beginning, has been to enlist current income and to divert excess spending to persuade our people to set aside a part of their pay, every pay day, in Defense Bonds and Stamps."

Harold N. Graves, assistant to the Secretary, said: "We are not interested in savings already accumulated. That explains the \$5,000 limit on E Bonds and the \$50,000 limit on the F and G Series. The intent of the Treasury is to induce savings by the people. We have so far refrained from establishing quotas. We are trying to induce systematic savings out of income by as large a proportion of the population as possible.

"Let me repeat that: Our main object is to secure investment of funds out of current income which, if not so invested, will be spent for articles not connected with defense."

Taxes

ALONG THE financial front one of the first repercussions of the war was heard on the tax sector. Treasury officials and congressional leaders immediately began to lay plans for augmenting Uncle Sam's war chest by new levies.

Meanwhile, the purchase of Tax Savings Notes as a means of accumu-

lating reserves against future payments is being promoted actively by the Treasury and by financial institutions. In a message to taxpayers Mr. Morgenthau said:

"I suggest you consult your local bank, savings and loan association or employer. They will, I am sure, assist you in arranging now a savings plan to provide the money for income tax payments next year [1942]."

Reserve Board promises ample money

IMMEDIATELY FOLLOWING Japan's attack on the United States, the Board of Governors of the Federal Reserve System issued the following statement:

The financial and banking mechanism of the country is today in a stronger position to meet any emergency than ever before.

The existing supply of funds and of bank reserves is fully adequate to meet all present and prospective needs of the Government and of private activity. The Federal Reserve System has powers to add to these resources

to whatever extent may be required in the future.

The System is prepared to use its powers to assure that an ample supply of funds is available at all times for financing the war effort and to exert its influence toward maintaining conditions in the United States Government security market that are satisfactory from the standpoint of the Government's requirements.

Continuing the policy which was announced following the outbreak of war in Europe, Federal Reserve banks stand ready to advance funds on United States Government securities at par to all banks.

War spending to soar

AS THE war with the Axis opened, the United States was spending almost \$2 billions a month on defense. The proposed doubling of this rate of expenditure by the end of 1942, assuming no material rise in prices, implies tremendous distortions and readjustments in industry and commerce. Yet one hears that a \$5 billions monthly rate of defense spending is likely to be reached in 1943.

If such a goal can be attained, it is inevitable that production of all non-essentials cease. Not only automobiles and refrigerators, but sewing machines, metal lamps, metal furniture, electric shavers, and all kinds of "gadgets" must stop being manufactured, if the raw materials they consume or the labor and equipment which make them can be devoted to war ends.

As of mid-December, this country had spent since April 1940 for defense and lend-lease approximately \$20 billions. If the rate of \$5 billions a month is attained by 1943, we shall then be

(CONTINUED ON PAGE 12)

INDUSTRY ENLISTS

From all parts of the country members of the U. S. Chamber of Commerce sent telegrams pledging their support of the wartime production program. In the picture members of the Chamber's executive committee are reading the messages. *Left to right, seated, E. A. Johnston; J. W. O'Leary, chairman; A. W. Hawkes, president; Robert V. Fleming, treasurer; J. F. Owens. Standing, C. D. Johnston, T. S. Hammond, O. A. Seyferth; and I. N. Tate*



HARRIS & EWING
BANKING

ANOTHER WAY

A BANK CAN HELP . . .



Every banker is eager to help the federal government in the collection of taxes for the furtherance of the war.

Right now, with imperative demands for national revenue, quick, smooth, trouble-free handling of federal taxes is especially helpful to the government and taxpayer alike. To this end one of the easiest, least expensive and most effective aids a bank can render its government and its customers is to distribute in this season the handy, dependable UNITED STATES MASTER TAX GUIDE. Now ready is the new 1942 edition of this understandable CCH book. Based on the Internal Revenue Code as amended, and the regulations and rulings to date, it tells just how the federal tax law stands today. Moreover, it is replete with ideas and suggestions that will conserve time and protect against costly mistakes in the preparation of 1941 income tax returns soon due and handling 1942 income tax questions generally.

The new 1942 Tax Guide is practical, helpful, in every detail. Plain-English explanations cover every important phase of the federal income tax — application of the tax to individuals, estates and trusts, corporations, partnerships; determination of net income; capital gains and losses; deductions; returns, etc. The excess profits tax, the capital stock tax, the stamp, excise and miscellaneous taxes too, are each soundly, clearly, treated. Other timely and valuable features include tax rate tables, tax calendar, and detailed topical index. In all some 280 pages, 6 x 9, well printed on good paper, sewed, and bound in ripple paper covers.



Write for Complete Details

The GUIDE will be helpful and useful throughout the year, but at "Income Tax Return Time" the need for its information and help is greatest.

Order promptly for seasonable distribution. Your name and address on the front cover at no extra cost when ordered in quantity at special quantity rates.

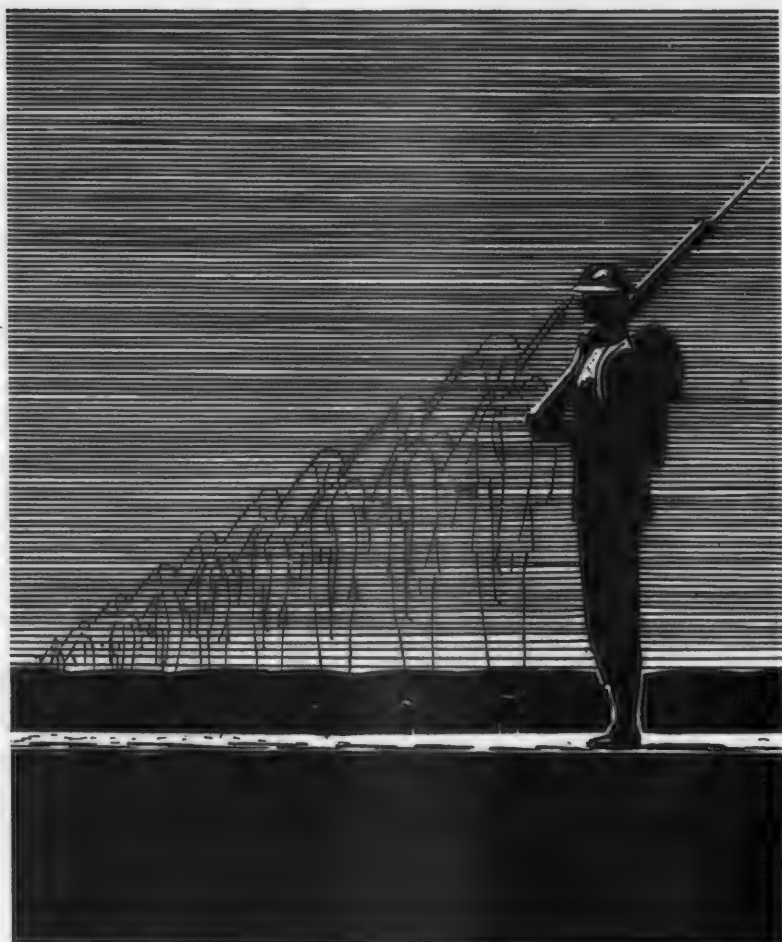
COMMERCE CLEARING HOUSE, INC.

PUBLISHERS OF LOOSE LEAF LAW REPORTING SERVICES

EMPIRE STATE BLDG.
NEW YORK

214 N. MICHIGAN AVE.
CHICAGO

MUNSEY BLDG.
WASHINGTON



One soldier isn't an army...

AND ONE TYPE OF LIFE INSURANCE ISN'T ADEQUATE PERSONAL DEFENSE. A soldier is a military unit... *part* of an army for defense. But one soldier, or even one regiment is not an army. There must be all *types* of troops to make a complete defense organization. Likewise, *life insurance* alone, while essential in personal defense, cannot protect you from all five ever-present risks of living.

"5-WAY PLAN" FOR PERSONAL DEFENSE
Pacific Mutual Life Insurance Company

has a convenient low cost plan that offers complete protection against all five hazards: (1) sickness, (2) accident, (3) hospitalization, (4) old age and (5) death. It is a "5-way plan" that becomes a *personal defense program* for you and your family... protecting against financial setbacks caused by unexpected emergencies.

Call your Pacific Mutual Representative today or send the coupon now for free information describing Pacific Mutual's famous "5-way plan."

Pacific Mutual Life

INSURANCE COMPANY

PACIFIC MUTUAL SERVICE SINCE 1868

PACIFIC MUTUAL—A DEFENSE INDUSTRY

Pacific Mutual's role in national defense is building national security, creating a strong bulwark against personal adversity... by softening the blows of misfortune through adequate insurance protection.

Insurance has helped make the country strong... and only a strong people can maintain a strong defense permanently.

Pacific Mutual Life Insurance Co., Home Office
523 West Sixth Street, Los Angeles, California

NAME _____

ADDRESS _____

CITY _____

STATE _____

NATIONAL PROSPECT—Cont.

spending for defense at the rate of \$60 billions a year. The statutory limit on the public debt when we entered the war last month was \$65 billions.

To produce goods in accordance with our war needs will necessitate the maximum utilization of existing plants. Factories not now fully engaged in producing defense goods should at once register their facilities and labor supply with the nearest branch office of OPM's Division of Contract Distribution. Thereby they will automatically and promptly receive the latest government advices on the demand for goods they are equipped to produce. Regional offices of the DCD are now located in every state and every important industrial area. The permanent exhibits of defense goods which the DCD has established or will shortly set up in numerous cities are of real help to prospective contractors, and their contents are kept up to the minute.

A suggestion for Congress

SENATOR VANDENBURG has suggested establishment of a congressional committee to keep tabs on the conduct of the war. Why could not Congress set up a committee of the nation's outstanding economists to make a constant study—a nonpolitical, advisory group responsible solely to Congress?

Another job for Crowley

TYPICAL OF developments in Washington in the opening days of war was the selection of Leo P. Crowley, chairman of the FDIC, to take charge of the organization of a new division within the Department of Justice to deal with patents and other property of Axis nationals. This division has functions comparable to those of the Alien Property Custodian during the last World War. In addition, Mr. Crowley serves as the alternate of the Attorney General on the Economic Defense Board, and as the representative of the Department on the Inter-Departmental Committee.

In his letter to Mr. Crowley announcing his appointment to the Economic Defense Board, President Roosevelt wrote: "I know how many duties I have already imposed on you; but in this emergency you simply have to take on one more."

Bond subscription limits announced

IN CONNECTION with its December bond issues the Treasury fixed the basis on which subscriptions hereafter will be

BUSINESS NEED NOT "FLY BLIND"

OUR SERVICES CHART A SAFE
COURSE THROUGH PROBLEMS
INVOLVING . . .

- Property and Business
Studies—
- Income and Estate
Taxes—
- Continuous Property
Records—
- Reorganization—
Regulation—
- Court Testimony—
Insurance

**The AMERICAN
APPRAISAL Company**

Founded 1896 • Offices in Principal Cities

THE NEW YORK TRUST COMPANY

Capital Funds . \$37,500,000

100 BROADWAY

MADISON AVENUE
AND 40TH STREET

TEN
ROCKEFELLER
PLAZA

*Member of the
Federal Deposit
Insurance Corporation*



INTERNATIONAL NEWS PHOTOS

A guard for the Treasury

entertained from the various classes of subscribers. The primary purpose is, "so far as possible, to meet the legitimate investment requirements of the public." Subscriptions are grouped broadly into four classes, as follows:

Banks and trust companies for their own account—not to exceed 50 per cent of capital and surplus.

Mutual savings and cooperative banks, Federal savings and loan associations, trust accounts and investment corporations, pension funds, insurance companies, and similar institutions and funds—not to exceed 10 per cent of total resources.

Corporations organized for profit, and dealers and brokers—not to exceed 50 per cent of net worth.

Individuals—not to exceed 50 per cent of net worth or 100 per cent of cash deposited with subscription. No preferred allotment will be made on such fully paid subscriptions.

"Notwithstanding the general limitations outlined above," said the Treasury, the Federal Reserve banks are authorized and instructed to continue to examine applications for cash offerings of securities issued by the Treasury, and to report to the Secretary of the Treasury any which, in their judgment, requires special treatment, or which appear to be excessive from the standpoint of the resources or investment practices of the subscribers, or for other reasons, with recommendation as to the acceptance, reduction or rejection of any such applications, which recommendations will be promptly acted upon by the Secretary."

Sailor now FDIC Chief Examiner

MAJOR VANCE L. SAILOR, on military leave as supervising examiner of

COMMERCIAL INVESTMENT TRUST INCORPORATED



COMMERCIAL INVESTMENT TRUST INCORPORATED, with capital and surplus in excess of \$66,000,000, provides a nation-wide sales finance service through subsidiary companies with a network of branch offices throughout the United States. This service, in the main, consists of purchasing self-liquidating accounts, and extends to automobile dealers, household appliance dealers, and to manufacturers and dealers in many lines of industrial, commercial and professional equipment, including the heavy goods industries.

C. I. T. offers its standard notes for short term accommodation in varying amounts from \$1,000 to \$100,000, in maturities from 60 to 270 days and at current discount rates. These notes are payable at any of our 315 depository banks located in principal cities throughout the country.

Latest published financial statement and list of depository banks will be mailed upon request.

ADDRESS

**Treasurer,
Commercial Investment
Trust Incorporated
1 Park Ave., New York, N.Y.**

BETWEEN a city bank and its correspondents are many ties less tangible, but more significant, than the daily exchange of letters, phone calls, and visits.

Through every transaction entered on the books, each becomes a part of the other. Every service rendered both meets a need and adds to the store of valuable experience.

We gratefully acknowledge the part our friends have had in the growth of this institution.

... THE ...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Capital, Surplus and Undivided Profits

\$45,000,000

Member of Federal Deposit Insurance Corporation

the sixth Federal Deposit Insurance Corporation district with headquarters at St. Louis, has been appointed chief of the Division of Examination of the Corporation. Major Sailor succeeds John G. Nichols, former chief of the division, who died November 10. The St. Louis post will be taken over by Neil G. Greensides, since November 1933 assistant supervising examiner of the seventh FDIC district, with headquarters at Madison, Wisconsin.

Navy asks banks' aid

THE FOLLOWING suggestions are offered by the Navy to banks located near navy yards:

- (a) Keep open for longer periods after navy yard working hours on Wednesdays, Thursdays, and Fridays of each week to cash checks of employees who are paid weekly.
- (b) Provide special windows and tellers to handle the cashing of navy yard employees' checks with expedition.
- (c) Indicate forms of identification acceptable to cashiers and have promulgated to navy yard employees requirements for cashing of checks.

SEC and term loans

APPEARING BEFORE the House Committee on Interstate Commerce in his capacity as chairman of the American Bankers Association committee on Federal legislation, A. L. M. WIGGINS opposed on various grounds the proposal which would give the SEC control over term loans made by banks. The proposal, Mr. WIGGINS said, introduces a new conception "that a private placement of a security in a bank is a 'public offering' of the security because such a private placement is 'affected with a public interest' predicated on a theory of affording protection to the depositors of the bank. The exact nature of this public interest or its necessary relation to the fulfilment of the purpose of the

(CONTINUED ON PAGE 16)

William P. Witherow of Pittsburgh, left, president of Blaw-Knox Company, is the new National Association of Manufacturers president. Right, former president, Walter D. Fuller



INTERNATIONAL NEWS PHOTOS

BANKING

THE NEW YORK TIMES

INCREASE OF 20.4% IN BANK CLEARINGS

\$7,363,393,000 for the Week
Ended Wednesday, Against
\$6,114,832,000 in 1940

NEW YORK GAINS 13.3%

Sharpest Rise Is Again Made
by Seattle With 49.4%—
Portland, Ore., Next

Check transactions for the week
ended on Wednesday increased 13.2
per cent over the total for the pre-
vious week and rose 20.4 per cent
above the corresponding week a
year ago.

Bank clearings at the twenty-
year ago.

Ex

the
bank
\$52.1
bar
of
pos

and
coun
in R
000,0
set f
000
and
go!
1
ba
to

FE



IBM PROOF MACHINES SPEED UP AND SIMPLIFY CHECK CLEARING

With check transactions increasing daily, banks of every size are asking "How can we simplify and speed up operations in our proof departments?" The IBM Proof Machine is the answer.

IBM Proof Machines make *one* efficient, speedy operation of check *sorting, listing, proving and endorsing*. Checks are brought under a single accurate control; difference-time delays are eliminated; costly overtime and tedious cross-checking are reduced to a minimum. Furthermore, there can never be any uncertainty about proving, for balances are constantly maintained, thus enabling the operator to detect and adjust errors immediately.

No matter how great the volume of deposits, no matter how high the "peak" of each day's business, the IBM Proof Machine simplifies check clearing and does the job accurately in the quickest possible time.

IBM Proof Machines are available in models to meet the operating requirements of both large and small volume institutions. You can obtain full information by addressing an inquiry to 590 Madison Avenue, New York, N. Y.

INTERNATIONAL BUSINESS MACHINES CORPORATION





Statement as at 31st October, 1941

ASSETS

Cash on hand and due from banks and bankers	\$ 148,327,723.37
Exchanges for Clearing House	38,368,663.05
Bonds and Debentures (not exceeding market value)	498,740,536.76
Stocks	183,364.86
Call Loans in Canada	4,472,437.64
Call Loans outside Canada	15,569,284.91
	<u>\$ 705,662,010.59</u>
Commercial and Other Loans in Canada and Elsewhere	304,663,518.62
Bank Premises	13,900,000.00
Customers' Liability under Acceptances and Letters of Credit (as per contra)	18,772,428.22
Other Assets	3,553,521.82
	<u>\$1,046,551,479.25</u>

LIABILITIES

Capital, Surplus and Undivided Profits	\$ 76,153,668.75
Deposits	928,387,889.51
Bank's Notes in Circulation	17,890,850.50
Acceptances and Letters of Credit	18,772,428.22
Other Liabilities	5,346,642.27
	<u>\$1,046,551,479.25</u>

Head Office—Montreal

Over 500 Branches in Canada and Newfoundland

NEW YORK: 64 Wall Street, A. J. L. Haskell, G. R. Ball, L. L. Sinclair, Agents.

CHICAGO: 27 South La Salle St., A. Macpherson, Mgr.

SAN FRANCISCO—Bank of Montreal (San Francisco), 333 California St., F. G. Woods, President.

LONDON, ENGLAND: 47 Threadneedle St., E. C. 2., Edward Pope, Manager; 9 Waterloo Place, S. W. 1., J. H. Pangman, Manager.

This Bank welcomes inquiries at any point where it is represented

BANK OF MONTREAL

ESTABLISHED 1817

Securities Act is not disclosed. By this device the private sale of a security issue to a bank would be declared a 'public offering' of the security, with the result that the jurisdiction of the SEC would be extended into the banking field in aspects unrelated to the avowed purpose of the Securities Act. This conception we vigorously oppose."

Among many other objections to the bill, Mr. WIGGINS pointed out that it would lead "to an unnecessary and undesirable addition of another agency engaged in the supervision of banking functions."

Post-defense public works

PROSPECTUSES FROM which will be built the "national shelf of post-defense public works and services projects" are being received by the Washington office of the Public Work Reserve in the Federal Works Agency. The prospectuses list and describe the public works and services projects proposed by state, municipal and other governmental subdivisions for inclusion in the Reserve, on which preliminary studies indicate between 25 and 30 billion dollars might be expended advantageously over a six-year period. State PWR directors are now cooperating with the various governmental subdivisions in assembling the proposals for submission to the Washington office.

A prospectus is prepared on each individual project. Each prospectus contains estimates of costs, including site acquisition, construction and equipment, together with proposed methods of financing, estimated useful life of the project, and other details. This information regarding the desired improvement is compiled by local authorities.

"A Chance to Try Out the New Broom"



BROWN IN THE NEW YORK HERALD TRIBUNE. COPYRIGHT 1941

BANKING

★ BOOKS ★

If you want any of the books mentioned on this page, send your check for the published price to **BANKING**, 22 East 40th Street, New York. Your order will be filled promptly.

Taxful 1942

YOUR INCOME TAX. By *J. K. Lasser*. Simon and Schuster, New York. 144 pp. \$1.

YOUR CORPORATION TAX. By *J. K. Lasser*. Simon and Schuster, New York. 144 pp. \$1.

INCOME, ESTATE AND GIFT TAX PROVISIONS OF THE INTERNAL REVENUE CODE. Commerce Clearing House, Inc., Chicago. 327 pp. \$1.

FEDERAL TAX COURSE. *George T. Altman*. Commerce Clearing House, Inc., Chicago. \$10.

WHETHER you're a comptroller, an accountant, an auditor, or just a plain lay payer of taxes, here, dear reader, are four reminders of taxful 1942. All are designed to help the corporate or individual taxpayer prepare for the day of reckoning with the Treasury. Mr. Lasser's *Your Income Tax* is a now familiar annual, revised to explain the many important changes effective with the 1941 Revenue Act. His second book provides for corporations what the first provides for the average man and woman; both explain, assist and demonstrate.

The third volume listed is a compilation by Commerce Clearing House, Inc., of the income, excess profits, capital stock, estate, gift and stamp tax provisions of the Internal Revenue Code, supplemented with tax rate tables and a section showing the parts of the Code affected by the 1941 Revenue Act. The *Course*, a fourth edition, offers an explanation of the outstanding Federal taxes, "with emphasis throughout on the fundamental principles underlying all Federal taxation." It is intended more for study than as a reference work, and contains extensive background material.

Questions and Answers

IS TOMORROW HITLER'S? By *H. R. Knickerbocker*. Reynal & Hitchcock, New York. 382 pp. \$2.50.

A DISTINGUISHED journalist who has had a front row seat at world events for more than 20 years adopted a rather unusual technique for the writing of this book. He sets down his answers to the 200 questions that have most often been asked him in the course of his lecture travels, and the result is an interesting compilation of fact and opinion about the present war. There are intimate estimates and sketches of Hitler, Churchill, Stalin and Mussolini, first-hand reports of such historic occasions as the initial meeting of the German and Italian dictators, and sidelights on dozens of the "big stories" that are now part of history.

Defense Economics

THE ECONOMICS OF AMERICAN DEFENSE. By *Seymour E. Harris*, W. W. Norton & Company, Inc. New York. 350 pp. \$3.50.

THIS discussion is treated under five main topics: the setting of the defense program; our industrial potential for defense; fiscal policy and the defense program; the international aspects of defense; and postwar problems.

Professor Harris looks for continued government deficits after the war as a matter of fiscal policy. He believes that a moderate amount of inflation is inevitable and probably desirable in carrying out the defense program. He is not alarmed at the prospect of a Federal debt of \$200 billion or more.

The work would seem to be of greater interest to professional economists than to bankers.

Atlantic Charter

THE ATLANTIC SYSTEM. By *Forrest Davis*. Reynal & Hitchcock, New York. 363 pp. \$3.

IN this book a former newspaperman tells the story of Anglo-American control of the seas during the last half century. Taking his title from a phrase probably coined by Henry Adams, Mr. Davis shows how the Atlantic since 1890 has been made an "Anglo-American pond"; thus his story is essentially the history of our relations with Britain during that period. The climactic chapter is devoted to the "Atlantic Charter" drafted at sea last Summer by Mr. Roosevelt and Mr. Churchill, both of whom, Mr. Davis points out, were bred to the rationalizations of Admiral Mahan, champion of sea power and Anglo-American unity in the Atlantic.

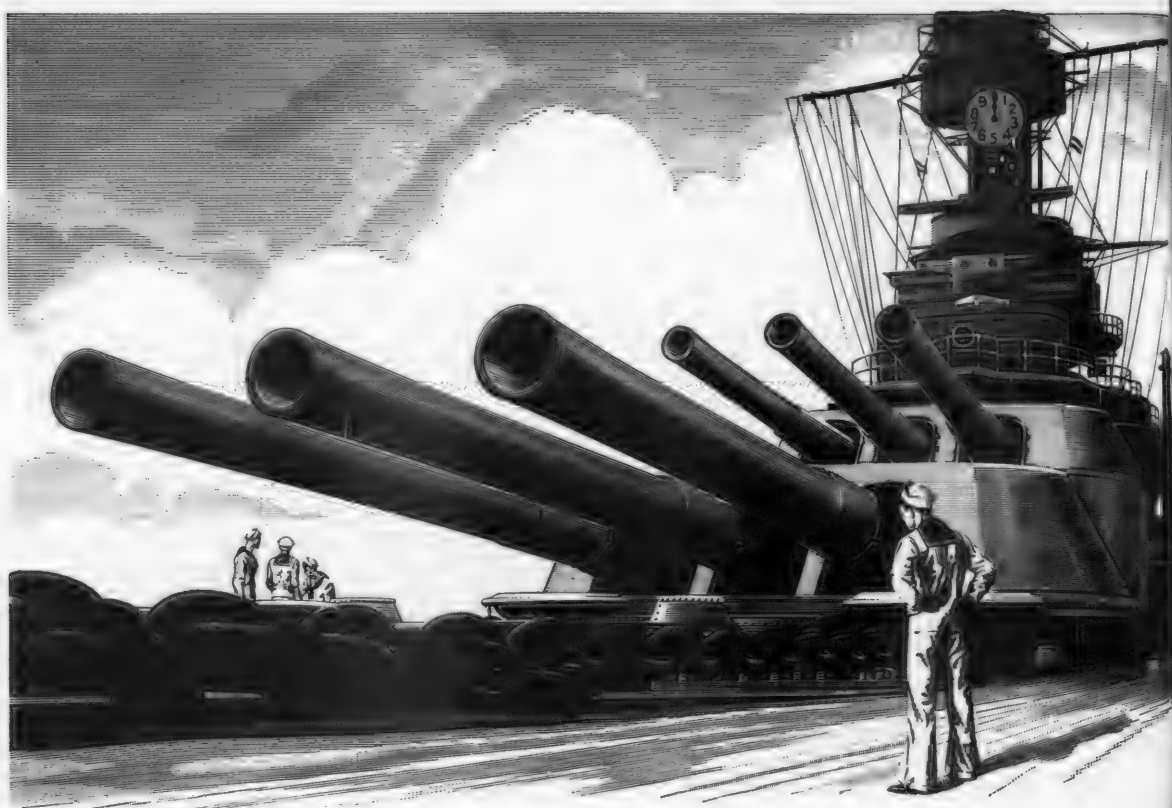
Other Books

THE FEDERAL RESERVE BANK OF RICHMOND. By *Charles Guernsey Coit*. Columbia University Press, New York. 140 pp. \$2. This book is one of a series appraising the operations of the 12 regional Reserve banks. It is concerned solely with problems peculiar to the Richmond institution.

CREDIT MANUAL OF COMMERCIAL LAWS 1942. National Association of Credit Men, New York, 842 pp. \$6.50. An annual setting forth fundamental legal principles and existing statutes covering the field.

THE SECURITY AFFILIATES OF NATIONAL BANKS. By *W. Nelson Peach*. Johns Hopkins Press, Baltimore. 187 pp. \$1.50. Mr. Peach, instructor in economics at the University of Texas, offers a critical study of the affiliate system.

FUNCTIONS & WORKING OF THE RESERVE BANK OF INDIA. Bombay. 94 pp. A bulletin describing the bank.



To Win the War

Each passing day sees an acceleration of the tempo of American shipyards, the basic factor in naval production. But to achieve victory decisively, still more ships built with still more speed are vital—now.

To make possible our floating ramparts of steel and all else that is necessary on land and sea and in the air to win the war—commercial banks throughout the country are actively

participating in financing the construction of new shipyards as well as other facilities for armament production.

In financing the building of these great industrial defense plants, the Chase National Bank is cooperating in vigorous measure with correspondent banks throughout the land, thus helping to place in the hands of our armed forces the means of defending this nation's honor and integrity.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JANUARY 1942

★ THE FINANCIAL LINE OF DEFENSE ★

... financing war production ... selling government securities ... controlling alien funds ... handling payrolls for war industries ... providing banking facilities for service men and civilian employees of war plants ... furnishing vast amounts of cash for paying enlisted men ... advising customers on government contracts ... cooperating in consumer credit control ... helping to maintain confidence, prevent hoarding and encourage orderly security and money markets



The picture on this page shows steel workers in Quincy, Massachusetts, cashing their pay checks "after hours" in the main office of the Granite Trust Company

This Is Worth Fighting For

JAMES TRUSLOW ADAMS

Mr. ADAMS, historian and publicist, believes the small bank has "a most important and vital part to play in maintaining Americanism."

I HAVE been asked to write an article on the Main Street tradition in America as applied to banking, "with the right historical background and looking into the future."

In the American vernacular, that is "some order" for 2,300 words. Obviously, one cannot trace the history of banking so briefly, and unhappily I know, as trustee of some \$55,000,000 of private or corporate funds, one cannot be sure of the future. However, there *are* things to be said, and besides being a trustee, I am writing a good deal on American history, on what has made us Americans what we are, and on the war. The small bank fits very significantly into all this. I believe its importance with reference to all these topics has been, and should remain, very great.

First let us take a short glance at the historical background and what it has done for Americanism—those

traits and ways of life we consider as typical. For one thing, America has always been a land of small beginnings that led to great developments. This has been true over and over again of individuals, communities and the nation. The "success stories" of individuals, whether new immigrants or native born, are so familiar as to need no stressing, but like our liberties, we have been so used to them that we have often tended to forget how and why successes have been achieved and to what extent they are the fibre of our being.

This has been the land of opportunity for the ordinary man in a degree never equalled elsewhere. The little fellow here has had his chance. Obviously not all have risen, but the ladder has been there for each to climb if he could. There have been fewer hindrances and encumbrances in the way of men or women to make the most of themselves, and more chances of friendly help upward, than the world had known before.

So with communities. Some have succeeded and others have not, but on the whole they have. The solitary pioneer began to receive neighbors; the clearing became a village; the village became a city. The American concept of "bigger and better," sound in the beginning and often wrong now, was born. The handful of 110 people who settled Virginia has grown to 131,000,000 in a little over three centuries.

WHAT has this to do with Main Street banks? This: a stable civilization, as contrasted with violence and instability, depends on willingly accepted relations of rights and duties as between citizens, and the feeling on the part of all that each is getting something out of it. At its best the feudal system did this until the rights claimed by the few lost their original reciprocal relation to the duties demanded from the many, and the system fell. The scheme of things noted in the preceding paragraphs has become the foundation of the American system as we have known it. It is born in the blood of an American that this should continue to be a land of opportunity, and that the little fellow just starting should have as good a chance, according to his ability, to get ahead as the big fellow who just happened to be born further up the ladder.

The American of the traditional type, which must be preserved unless Americanism is to be changed into some other "ism" now popular in some countries and circles, does not ask for charity but does ask for opportunity, and he expects a friendly cooperation in his efforts to rise, to get ahead, to increase his own income and thus the national income, which is not a static abstraction but the sum total of the ambitions, efforts and incomes of all of us as individuals.

Mutual aid is the method to which Americans have become accustomed and which has been largely responsible for making them what they are. From the cen-

BANKING

GENDREAU



turies of simpler frontier and agricultural generations they have ingrained in them the idea of neighborhood and personal aid and friendliness—the neighbors gathering to help in a “house raising” or a “husking bee.”

Until very recently, relations, as well as rights and duties, were intimate and friendly. In the America of the small town—and all America kept the small town type of life until this century—the minister, lawyer, doctor and banker, were people who knew all about you and your background.

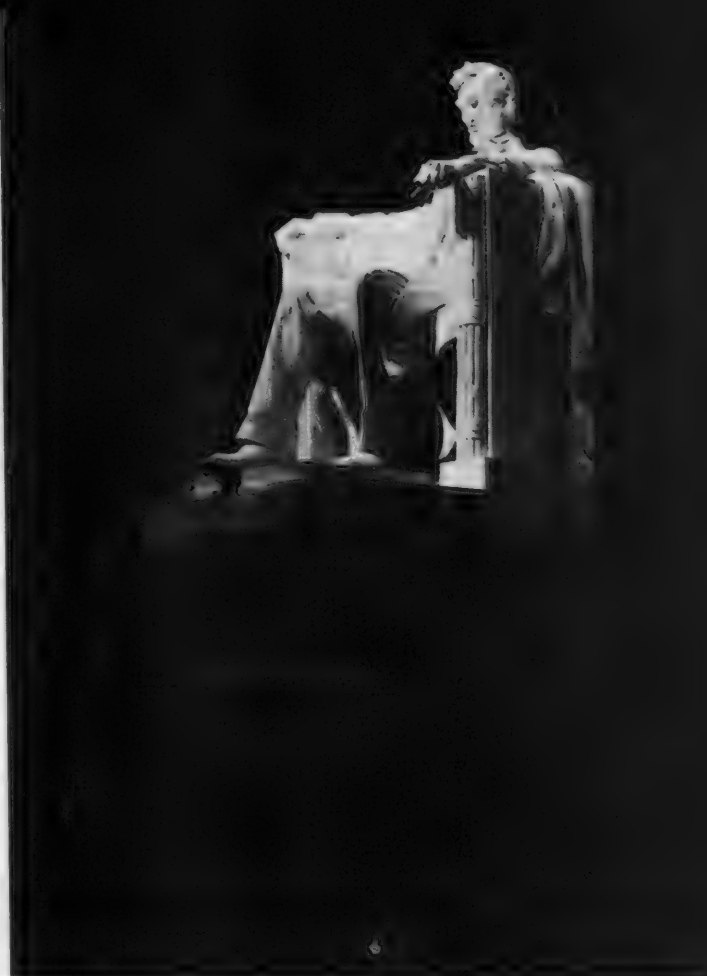
WITH specialization, bigness, mobility of residence, these personal relations have been in danger of disappearing altogether, but they have been of immense importance in making the American. In medicine, specialists are very valuable but a half dozen of them when called in may not know what is the matter with you as well as the old family physician who would have known you, and perhaps your parents, all his days. The big law firm to whom you or your wife may go to get a divorce in a fit of petulance may not be able to give nearly as good help as the old village lawyer who had known all the oddities of your grandparents or your Aunt Selinas.

In the same way the big business banker may not be nearly as well able to judge and serve the small people of a community as was the shrewd, crotchety but often kindly and knowing individual banker of the David Harum sort, who knew not only who had money and who didn't but who was worth backing and who was not.

I have no objection to big law firms, to medical specialists, or to big banks. All serve their purpose; but there were also purposes to be served by the old types of professional men, including the small banks or bankers. Obviously the village blacksmith could not have an assembly line which would turn out cars by mass production to give the public perhaps the highest quality of goods at the lowest cost which our world possesses. The family doctor cannot know everything about every speciality, and there is also an essential part to be played by big banks in a world of big enterprises. There is no morality necessarily attached to either bigness or smallness. Each has its place, but neither can serve all purposes at once, and, as we became obsessed with the idea that bigger meant better, (when in some ways it did), so we have tended to believe that bigger must mean better in all things.

CONSIDER banks. Big ones can do many things which little ones cannot do. For example, to cite an obvious case, they can provide banking facilities for the great corporations. It is clear that if a corporation wants to borrow \$5,000,000 in an emergency it cannot be served by a bank whose combined capital and surplus may be only \$50,000. In writing for bankers I need not stress the peculiar services in many ways which big banks can render to the people at large. But, on the one hand, some of the supposed advantages of mere bigness in a bank have been much over-rated, and on the other hand, there are disadvantages which are not sufficiently recognized.

Thus it is too often considered that because a bank is a very big one its officers must be correspondingly big mentally, unfortunately this does not always follow, especially in these days of chain banking and centralized



control. I shall make no invidious remarks about the mental capacity or judgment of some of the supposedly “biggest bankers” with whom I talked in the 1930's. David Harum would have had it all over them. Also the bank's relation to a client should be almost as understanding and personal as that of the old-fashioned banker, lawyer or doctor, but in the big banks of today, it tends to become de-personalized owing to the number of departments, large staffs and frequent turnover in position or personnel. I have in mind one large institution in which I placed a number of personal trusts, each presenting certain problems regarding the various beneficiaries. I explained what the problems were and what I was trying to do in the handling of each of the trusts. The officer in charge was changed and I explained again. To be brief, in five years there were six different junior officers in charge of the department with which I was dealing. I got tired of explaining. The personal relation became about as tenuous as between me and a room clerk at a hotel for a one night's stay, yet I was well-known in the bank, and the funds involved were about a half million.

Now take the little man. If he goes into a big bank, with its marble banking room and its numerous departments (one big bank in New York lost \$500 of mine once between departments and could not locate it for a month), he is perhaps shy, unused to such a display of wealth and big transactions, but he may be the little

fellow who some day may be a big fellow, or at any rate an excellent citizen. (I have a friend, now worth many millions, who when young tried to borrow \$5,000 from a New York bank on security which was absolutely good except that the shares were not listed. His character was good as gold, his security was good. He borrowed elsewhere and started his fortune, but the big bank would not then bother with him.)

THE little bank knows, or should know, its people. It is not like, let us say, the 50th National Bank in New York, which will do no banking for anybody who does not carry a regular balance of \$5,000 with it.

I am trustee of one of the biggest savings banks in Connecticut. We handle mostly working people's money. I know something of that. I used to be a vice-president and director of a small suburban bank. We handled the notes of the butcher and grocer and so on. I know something of that.

I watched closely a small bank in a farming section, where you had to advance the farmers money in the Spring for seed, fertilizer and summer wages, and collect in the Fall. I know something about that. I was for years in Wall Street as a partner in a Stock Exchange firm, and I have had the experience of paying a big bank

on two call loans for \$100,000 each, 6 per cent on one and 120 per cent on the other in the same five hours, and when I complained was merely curtly told that if I did not like it, "pay off both at 10.30 tomorrow morning."

I know something, not much perhaps, but something, of banking, of the American people from here to the Pacific, and of what has made the American, and it is my firm belief that the small bank has yet a most important and vital part to play in maintaining Americanism.

In fact, I think that the small bank and its officers are standing in the very front line in this war. In this short article I am not concerning myself with how the small bank should be run so as to survive. I am not writing, for example, about the hot question of service charges. I have spoken of reciprocal rights and duties. The public owes a duty to the banks and should not take the position of the woman who complained to the corner druggist who would not do her a favor because she was not a customer, that she had bought her postage stamps from him for years. Those are technical questions and problems, but I believe that the small banks have a greater part to play, if possible, than the big ones in this war.

THAT may sound strange. The small banks are not the reservoirs of capital that the big ones are. They cannot subscribe to their tens of millions of government bonds. They have a different and even more important duty to perform.

We are fighting this war for the sole object of maintaining liberty and the American way of life.

If we win the war, but lose the American way, our sacrifices shall have been in vain. That way is based, historically and actually now, on the belief of the small man that he has a chance. Take that chance away from him, by military failure or a breakdown of our own traditional philosophy, of our personal interest and friendliness, and he will accept any system from anywhere. To win the struggle is, in part, the job of the great manufacturing plants, the great financial institutions, and other big scale business.

To insure, if the fight is won, and when it is won, what we are really fighting for—the American way of life and our American dream of opportunity for all—is the job, and the most important job, now and for years to come, of the small bank.



WASHINGTON: *In these days all roads lead to Washington, or, perhaps we should say, all our main streets.*



BANKING



The Community Trust

JOHN L. TOOMEY

This is the first of two articles by the assistant trust officer of The Guardian Trust Company, York, Pennsylvania, outlining the significant features of community trusts, foundations and endowments, and the services rendered them by trust institutions and banks. Mr. TOOMEY's discussion will be concluded next month.

SERIOUS problems attend the proper administration of philanthropic funds. One of the most vexing is that of administering charitable gifts in accordance with the specific purpose of the donor, under conditions not foreseen by him. Too often the wishes of well-meaning benefactors have been rendered impractical, or even impossible, because of changed circumstances.

It is apparent that the principal causes of the failure of such bequests to fulfill their purposes have arisen because of: (1) personal eccentricities of the donor; (2) the donor's lack of vision regarding future conditions; (3) his failure to vest in the trustee sufficient discretionary power to meet changed circumstances.

All these circumstances impressed the late Judge Frederick H. Goff, of Cleveland, for years a keen student of charitable and philanthropic development, who set himself the task of formulating a plan that would eliminate many of the errors and shortcomings of past efforts in this direction. As a result of years of study and research, he finally proposed a plan now known as the community foundation or community trust.

THIS plan was first put into operation through the establishment of the Cleveland Foundation in 1914. From 1914 to 1940 this plan was adopted in 73 cities throughout the United States, Canada and Hawaii. A survey conducted by the New York Community Trust at the close of 1940 revealed that the aggregate resources of these trusts had risen to \$52,473,432, and that they had made charitable distributions of \$2,225,396 for the year.

While community trusts vary greatly in their organization and operating mechanism, their fundamental plans are much the same, and have the following characteristic features:

(1) The property of the trust is held by trust companies, or banks, which adopt by resolution a "declaration of trust" under which they agree to accept gifts for public, educational and charitable purposes under wills or deeds of trust, and to administer, safeguard and invest such funds entrusted to them, making available the income, and where specified the principal, for the purposes of the community trust.

(2) A "governing board" or "distribution committee" has the responsibility of dispersing the income from these funds, and the principal, where specified. Ordinarily, such board or committee has a membership that changes by rotation of appointments. Its members are chosen for their public spiritedness, and for their interest

THE OUTSTANDING contribution which the community trust plan has made in the administration of charitable and philanthropic funds is that of dividing financial and social responsibility. It has accomplished this by placing the responsibility for the custody and management of funds in the hands of trust institutions, and trust departments of banks, and the responsibility for the social application of income in the hands of the distribution committee.

in, and knowledge of the charitable, educational and social needs of the community. The majority of the members are usually selected and appointed by public officials, and the minority by the trust institutions.

(3) The donor may specify the purposes for which he wishes his gift to be used, and the terms and conditions upon which it may be used, and his instructions will be faithfully observed by the distribution committee. However, it is understood that when changed conditions make such original purposes undesirable, impractical or impossible, the funds may, after proper action by the community trust, be applied to such other charitable purposes as will, in the opinion of the distribution committee, most effectively promote the general welfare.

(4) An outstanding feature of the community trust is that it is but rarely the gift of a single individual or family. Instead, the trust is usually the union of many gifts, large, small and medium sized, left at different times by various donors. In this manner, a small gift merged with many other gifts, can accomplish a great deal more than would otherwise be possible. This can also be done without losing the identity of the donor, unless he prefers anonymity.

It is interesting to note how broad most of these trusts are in their scope. It is true that some of them direct their efforts primarily to promoting the welfare of the city or town in which they are located. Many also include their counties and states, or even larger spheres of endeavor.

A good illustration of a community trust which has a broad scope is furnished by the Buffalo Foundation of Buffalo, New York. Its resolution and declaration of trust specifies that the income shall be used—

for such public educational, charitable, or benevolent uses and purposes as will, in the absolute and uncontrolled discretion of the committee, most effectively assist, encourage and promote the well-being of mankind, and primarily of the inhabitants of the City of Buffalo, and County of Erie, as now or hereafter constituted, regardless of race, color or creed.

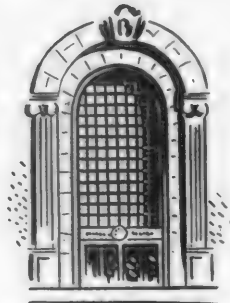
A study of the declarations of trust of the various community trusts shows that the purposes for which these trusts have been established are very similar. To illus-

(CONTINUED ON PAGE 62)

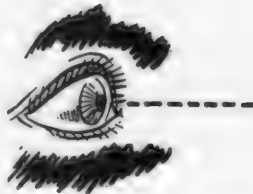
Follow Through!



1. Certain Americans have pledged themselves to helping Uncle Sam in every way



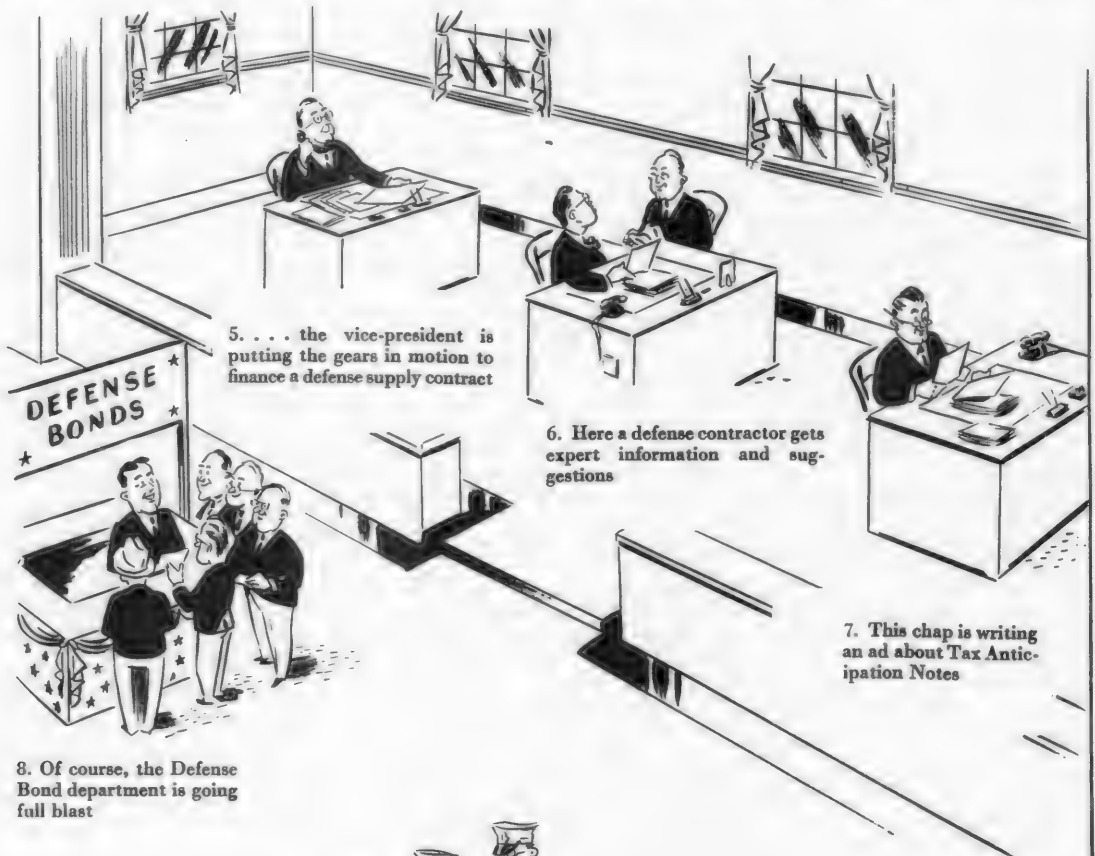
2. You'll find them in the nation's banks



3. Let's look at one day in the composite American bank



4. After the yawns and the mail are dispensed with. . . .



5. . . . the vice-president is putting the gears in motion to finance a defense supply contract

6. Here a defense contractor gets expert information and suggestions

7. This chap is writing an ad about Tax Anticipation Notes

8. Of course, the Defense Bond department is going full blast



9. That line of well-tailored gents? Army and Navy officers cashing checks



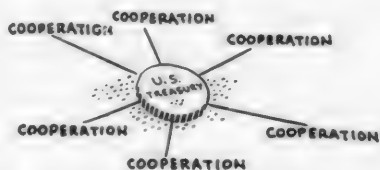
10. Upstairs, some of the boys are working out a plan for handling payrolls for defense plants



11. Jane is wrapping tons of coins in packages for various defense projects



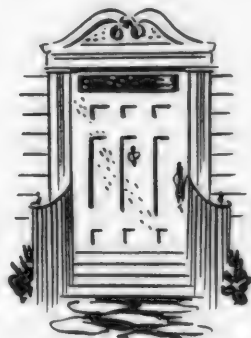
12. Let's visit the boys in the back room. An A.B.A. man and some Treasury officials just left the meeting, after informing our friends about foreign funds control. . . .



13. . . . and how the Treasury is depending on the banks in this part of the program



14. But there's hardly enough time in one typical day to illustrate *all* the ways the banks are cooperating with the Government!



15. Anyway, before the day is done, let's look in at the home of the president of the Composite Bank



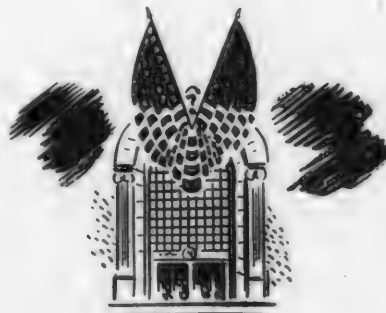
16. He has just finished a cursory examination of his income tax problem



17. Yes, quite a bit of this fellow's cabbage will go to Uncle Sam



18. But what's this? The president of the Composite Bank is pasting Defense Stamps in his son's album!



19. . . . that's follow-through, brother, that's follow-through!

PENNYWISE

Advertising

ROY DICKINSON

LT. COL. DICKINSON last month took leave of absence from his post as publisher of "Printers' Ink" and resigned as chairman of the East Orange (New Jersey) Defense Council to assume active duty in the Intelligence Section of the United States Army. He served in the Ordnance and Intelligence sections throughout World War I.

SOME American business men, it seems to me, are preparing to take a gamble from which they should be dissuaded with all speed and force. Because their business is booming temporarily, or because 30 or 50 or 80 per cent of their output is being taken by a voracious all-out defense machine, because they can't obtain raw materials or because they are behind in orders, they are preparing to cancel their advertising. This country is in a sellers' market now, and the temptation to slash advertising appropriations at such a time is not only a great one, but it seems plausible to some men who have neither studied the industrial history of this country nor looked with sufficient care into what advertising really is.

It will be my object in this article to prove the point by specific example that in times like these it is poor management and unwarranted gambling with stockholders' money to slash advertising appropriations, especially if the company is operating at a profit. The idea that advertising is sound business insurance is not a new or original idea. One of the greatest industrialists and most successful managers of a business suggested it.

When I met this man, he had come a long way from the Bolton boy who started before his 16th birthday cutting and wrapping soap. I met him first at that most hospitable residence called the Hill in Harmstead. It was an ordinary city house but out in back was a garden which seemed to run almost a half mile deep. He was serving tea to a group of American business men. He believed that advertising was business insurance, nothing more, nothing less; not salesmanship in print, not something to be taken up today and stopped tomorrow, but as much a part of the business as auditing or accounting.

A FEW years later William Hesketh Lever allowed me to run in *Printers' Ink* his considered and thoughtful

statement on the subject. Over the signature of Lord Leverhulme as he was then called, owner of businesses in all parts of the world, generally admitted to be the world's largest advertiser, his statement created wide comment at the time and becomes particularly timely again as we start the crucial year 1942. He said:

The best reserve fund of any business is to be found in the goodwill of that business. Many boards of directors devote their surplus profits to "building up a strong reserve fund," which fund is generally invested in what again are called "gilt-edge" securities. These same directors are then kept busy for many years afterwards to write down out of further surplus profits the cost price of these same "gilt-edge" securities to falling market values. Should the business have to meet and overcome difficulties, or have to face frenzied competition, and the directors decide that their policy ought to be to draw somewhat upon these "reserves," they find they cannot realize them without serious injury and loss of the confidence of their shareholders in the reputation and standing of the business; or, in other words, serious loss of "goodwill."

These reserves are mere window dressings. They cannot be described as reserves in any sense of the word, and to do so is an act of self-deception.

Now I hold strongly that the best investment for surplus profits is to expend them on judicious advertising, wisely and carefully planned and executed with originality and forcefulness. These same surplus profits, invested wisely in advertising, then become a real "gilt-edge" security, and a solid reserve of strength to meet days of difficulty and to overcome quietly, but irresistibly and surely, the most frenzied of competition, and the business thus provided with reserve strength stands foursquare to meet and overcome every attack.

The term goodwill was defined by Lord Chancellor Eldon of England many years ago as "the probability that the old customers will resort to the old place or continue to buy the old product." While that definition has been called old fashioned, it seems to me to have a dynamic, repeat-sale, continuing-profit connotation that sounds practical. It may explain why, when recently Oxo was bombed out in England and stopped advertising, and Bevo, its competitor, continued using small space, the directors of Oxo came back into small space advertising within 60 days even though both concerns have all their output taken by the government. Neither can get raw materials.

It is true that in this country many concerns which have most of their output commandeered by defense or

lease-lend are continuing to advertise. A recent survey by magazines among such manufacturers brought out six basic reasons behind current advertising by manufacturers who are oversold:

1. To protect the trade name and goodwill.
2. To protect the dealer structure.
3. To lay the foundation for after-emergency expansion.
4. To educate the public on how to conserve.
5. To spread the news of war-born products for peace.
6. To tell "how we're doing the job."

The Government is not against advertising as such—Leon Henderson and others have made this statement publicly. There is one kind of advertising they frown on. Scare advertising—"buy now before prices go up"—but they are suggesting to manufacturers that sound educational advertising by companies which have adjusted themselves to present all-out defense conditions will, of course, be very helpful to the Government in helping show the way to other companies which have not yet made their changes.

It is well at this point for me to suggest that advertising should be defined as well as goodwill. It is not merely salesmanship in print, as it has so often been called. It is, in truth, an integral function of management and will stand or fall with management. This point of view was well expressed in a recent article in *Printers' Ink* by H. A. Batten, president of N. W. Ayer & Son, Inc. This article was later digested and used as an advertisement by Mr. Batten's company in the *New York Times*. Several hundred letters from presidents and other leading executives of business, Congressmen, Senators and many newspaper editorials indicate the wide interest this article created by its sensible, simple point of view about the so often misunderstood subject of advertising. Mr. Batten pointed out, for example, that the accounting department is set

Indicative of the perplexity of many business men, this drawing in *Punch* looks at a serious problem from the lighter side



"I want you to work out a big sales campaign to stop people buying goods we can't sell them."

LET'S remember that Rome was not built in a day but it was burned in one night by a madman who fiddled. I submit that management which fiddles around with its advertising and decides to stop it at a time like this, even though the plant is loaded up with defense contracts, is not acting in a manner which is courageous, sound or fair to its stockholders.

up to supply certain kinds of information to management, how much merchandise have we sold to whom, how much did it cost us to make it and sell it, and other questions. Its ultimate end and purpose has to do with sales. The research department of the business again is there to check the quality of raw materials and to build new products and show consumers new uses.

Mr. Batten's point is that advertising is not merely a function of sales but of the whole business. It does, of course, speed up the process of getting a good product well and favorably known. This it can do faster and cheaper than any other method. It must not be identified only with present sales. It has one specific thing to do and that is to inform as well as to persuade. And information should not be confused with persuasion and selling. Recent advertising in the oil industry and the rubber business, where considerable money is being invested to urge consumers to use less gasoline and save rubber, are cases in point.

SAYS Mr. Batten: "What advertising actually does is to convey a message to say something the management wants to get said to a large number of people and I might add to this, quickly and at the least possible cost. Advertising is used by management because it is the most efficient way to accomplish a desired end. Like a hammer, it may lie on the table doing no work," says Mr. Batten. "We don't know who owns it but anyone can tell what it is and what it is used for. Advertising, also a tool, has no reality except for some specific application. A hammer can be used to drive a nail or murder a man. Advertising can be used to sell or continue a business in existence. The whole standing and reputation of a company can be fundamentally affected by the advertising through which the company tells its story to the people, whether this story is about a new product, the reason for existence of the company, sometimes called institutional advertising, or for a multitude of other uses. For any business management now making a profit which says it has nothing to say to the public at this time is either blind or inexcusably timid," says Mr. Batten. That statement ties up very closely with one made by Lord Leverhulme at the beginning of this article.

As a guide to the present and the future, let's take a quick look at goodwill in the past. It has been proved over the years that the tangible asset of goodwill suffers an almost immediate drop when advertising volume is cut down. Look at three specific examples. One of the most spectacular was the case of the R. J. Reynolds Tobacco Company. In 1932 its directors decided to bank \$4,000,000 of previously appropriated advertising funds for that year.

(CONTINUED ON PAGE 60)

How Canada Finances Victory

C. M. SHORT

Mr. SHORT is supervisor of statistical research, Canadian Bank of Commerce, Toronto.

THE Canadian banking system moved into the front rank of war service almost as soon as hostilities commenced in Europe. This system has since been called upon to undertake financial services of unprecedented character and volume.

A week after Canada declared war against Nazism she instituted foreign exchange control, a necessary device in war-time but one that adds to and greatly complicates the transactions involved in external trade. In Canada's case there were certain singular conditions which dictated this action. In normal times there is a triangular balancing of Canada's international accounts by turning a large surplus of sterling into American dollars to meet an overall deficit (more than \$50,000,000 in 1939 after allowing for merchandise trade, gold shipments, net tourist receipts, net interest and dividend payments and sundry items) in her trade with the United States. The war put an end to that long-standing practice and made necessary a careful husbanding of American exchange accruing to Canada from her exports to the United States, dividends, etc. on American securities and tourist expenditures. Moreover, there was a danger of substantial capital exports and of heavy liquidation of American-owned Canadian securities under free exchange conditions.

WHILE it is barely conceivable that Canada could have scraped through the first phase of the war without ex-

change control, it is impossible to see how she could have paid for the immensely greater quantity of American goods (and at the same time meet commitments of about \$200,000,000, for interest and dividends on American-owned Canadian securities) which have been required since the German conquest of Europe and the spread of hostilities turned Canada into one of the world's largest arsenals with a total war bill of over \$2,000,000,000 per year.

Canada, it should be noted, has always been mainly dependent upon the United States for iron ore, cotton and oil, and her requirements of these and all other essential American products have increased by one third since that fateful June 1940. Indeed, an overall deficit of as much as \$200,000,000 might have resulted this year in trade with the United States but for the Hyde Park Agreement, which contemplated an increase of Canadian exports to the United States to further the latter's armament program and a transference under the lease-lend acts of various materials which Canada obtained from the United States to complete British war orders, proposals which were intended to lower the demand for American funds by between \$200,000,000 and \$300,000,000 per year.

UNDER the foreign exchange control measures instituted in mid-September 1939, all foreign funds had to be turned over to, and future exchange transactions were to be directed by, an official organization, through appointed "authorized dealers," including the commercial banks, who could buy or sell the exchange derived from or required for external trade. In reality, the burden of the operation of this control system devolved upon the commercial banks through which practically all the country's business passes. At the outset the official organization was a small one and the banks had to assume the task of interpreting the exchange regulations and deciding the eligibility of transactions and their experiences in this respect were among the most interesting, though exacting, of their careers. They managed, however, to satisfy most requirements and to prevent a stoppage of trade. Their work and responsibilities increased as the volume of foreign trade expanded (it has risen this year by 25 per cent to record proportions) until many branches have had to detail special officers to perform the duties connected with the preparation of the various forms—applications, permits, etc., numbering nearly 30—required by the Foreign Exchange Control Board and to finalize them.

(CONTINUED ON PAGE 59)



**Canada Must Borrow
FOR VICTORY**



At the left is one page from an attractive brochure "Canada's Victory Loan 1941" published by the Dominion Government. The 9x12 inch booklet explains, with the aid of striking illustrations, the wartime purposes for which Canada is borrowing

Care IN WRITING CHECKS

MILTON WRIGHT

MR. WRIGHT, a frequent contributor to *BANKING*, discusses a subject important to banks and their customers.

THOUSANDS of episodes arise every year from carelessness in the writing and handling of checks with direct losses running into high figures. If we include check alterations, forgeries and other check crimes, as often as not made possible by someone's carelessness, the losses are many times greater. Estimates vary widely all the way from 20 millions to 300 millions annually although no truly accurate bases for estimating exist.

These are only the *direct* losses, borne sometimes by the bank, or its bonding company, sometimes by the drawer, and sometimes by an innocent endorser. The indirect losses are beyond computation. Every unfortunate occurrence of the kind breeds an amount of ill-will that is far more costly than the amount of money involved. Somebody begins to dislike somebody else, and that's bad all around for business. A depositor, you know, can get just as angry when he's in the wrong as when he's in the right.

Many bankers believe that it is a matter of both moral responsibility and good public relations to do everything they can to reduce losses resulting from carelessness in the writing and handling of checks. The way to do it, of course, is to reduce carelessness. This can be done in two ways:

1. *Instruct the depositor in more careful methods of writing and drawing checks.*

2. *Handle check facilities in the bank in such a way that the likelihood of carelessness is reduced to a minimum.*

IT is obvious that one of the first steps is to impress upon the depositor the importance of safeguarding his check materials. As one banker puts it:

"Deprive the crook of tools and he can't loot your account. By tools, I mean samples of your signature, bank statements that show how much you have on deposit, and any other information that would help him."

On that point, Montgomery M. Yeager, one of the most notorious forgers ever to push a pen, had this to say, after his long career was ended:

"People are too careless with their checks. I've collected hundreds of signatures. I'd just go into a bank and look around. In the waste basket, or right on the desks, I'd find discarded bank statements, where the depositors had looked them over and then

just thrown them aside. That gave me a specimen of the depositor's signature and the condition of his account. After this, it was easy picking. On a sheet of glass I'd lay a blank check over the canceled one I'd found on the desk or in the waste basket, put a light under it, and trace the signature."

The depositor should be told how important it is to guard all the pieces of paper pertaining to his account. These include blank checks, check books, statements and vouchers, as well as specimens of his banking signature. One way of doing this is for the bank itself to give evidence of greater regard for these things. Blank checks are more than scraps of paper—they are potential orders, honest or dishonest, for the transfer of money.

A Chicago banker who holds this view says:

"To my mind, one of the biggest offenses in check frauds is the lack of proper safeguard and control in the banks themselves. Banks make it too easy, for example, for people to get check books. In our bank we require a depositor to sign a receipt before we issue him a check-book. It may be a crook who applies. In that case, as the clerk turns away to verify the signature, the crook starts to leave in a hurry. We grab him. Legally, of course, we have nothing to hold him on, but we turn him over to a cop on suspicion. In most cases, they find he has a record.

"Although some notorious criminals have been caught in this way, the chief value of our making it just a little bit difficult for a depositor to get a check book lies in the importance which the check book assumes in the depositor's mind. Thereafter he thinks more highly of it and he treats it with greater care."

In another bank, the checks are so individualized that the chances of their being misused are cut down materially. An officer explains:

"Our aim is to limit, through mechanical safeguards, the swindler's source of supply. We try to induce the depositor to let us print his name on his checks, for a small fee, of course. We also use numbered checks. For merchants who cash checks, we have their names printed on the payee line. Counter checks are limited to the bank.

"When a depositor has his own name printed on a check, he feels, quite properly, that it gives him a certain prestige. Then, too, he is assured that when he gives a check in payment for goods or services, the payee will

credit his account and not somebody else's. Also, he knows that if the check is lost, it is more probable that it will be returned, especially if his address is printed, as it usually is. He has less difficulty in cashing it where he is not well known. It goes through the bank more easily. It is more readily traced if it should be lost, stolen or fraudulently used.

"All this the depositor realizes because we take pains to impress it upon him. The net result is that he takes better care of his check book and uses his checks more carefully."

Taking good care of unused checks is always important as a safety measure. Today there is the added reason of conserving essential materials. One New York banker explains it:

"The waste in blank checks is enormous. People write them carelessly and destroy them, or they use them for grocery lists and all sorts of ridiculous purposes. For every 200 checks that are used, it is necessary that 300 blank checks be given out. This may seem unimportant, but you can see how it mounts up when you realize that through the New York Clearing House alone, the more than 700,000 checks that are cleared every day weigh more than two tons. In the face of a serious paper shortage, due to the national defense effort, it becomes a patriotic duty to save as much as possible of that extra ton of paper that reaches the waste basket and not the clearinghouse."

Printing the number on a check and having the customer give a receipt for it, help to trace the check more readily if it gets into the hands of some unscrupulous person. The value of having a merchant's name printed on the payee line lies in cutting down the swindler's source of supply for blank checks.

The executives of a New York bank whose depositors enjoy an exceptionally high degree of immunity from check swindles attribute the safety to three precautions which make it a little more difficult for crooks to work along the lines they are accustomed to. The first of these is a reversed watermark in the paper on which the blank check is printed. Special equipment would have to be used by the paper manufacturer to duplicate it.

The second is a series of inconspicuous but carefully placed faults that mar the perfection of the safety paper design. They would not be readily detected by someone imitating the paper, but are easily recognizable by the men in the bank who handle checks.

The third precaution is a blackened section on the back of the check, directly behind the signature line. This makes it impossible to trace the signature by placing the check on a sheet of glass over a strong light, which, according to some authorities, is the manner in which most forgeries are made.

ACCORDING to a well known lawyer who specializes in financial cases, the time to start safeguarding checks is when the bank account is opened.

"It is a fairly simple matter," he says, "for some swindler to get a copy of your ordinary signature. He could write you a letter that you would answer or he might deliver a package and ask for a receipt. It is not quite so

NAME AND ADDRESS OF BANK	
No. 1	DATE <u>July 15, 1941</u>
PAY TO THE ORDER OF <u>John R. Hanson</u>	\$ <u>7.00</u>
<u>Seven and 00/100</u>	DOLLARS
<u>Harry White</u>	

In the booklet "Your Bank and Its Services", prepared by the American Bankers Association for distribution to bank customers, there are instructions on how to draw a check. The above illustration is taken from that section of the booklet

easy, however, to get a copy of your signature from a check. As a precautionary measure, it would be well to have your banking signature different from your signature for other purposes. Thus, if a forger copied on a check your signature from a letter, and it should not correspond exactly with the signature card in the bank, he would be out of luck."

MANY bankers believe that their moral responsibility to the depositor does not end with impressing him with the importance of protecting himself, but that the bank should adopt measures which are in the direction of making check frauds impossible. One of these is to issue blank checks on paper that cannot be duplicated by any paper maker other than the original one.

Ordinary so-called safety paper, it is pointed out, is merely paper lithographed with a design in a soluble ink, which disappears, leaving a white space when an erasure, either chemical or frictional, is attempted. It is quite possible, however, for a forger to wash off the original writing with chemicals, write in what he wishes on the payee line or the amount line, and then carefully retint the erased lithographing. Assuming that the forger obtained the check by robbing a mailbox, is there anyone who could be charged with carelessness?

Some bankers are inclined to believe there is. Ordinary safety paper can be bought in the open market. That is, it cannot only be altered, but duplicated, and all the care in the world, as things are now, is not of much avail. One man who ought to know, because for years he earned his living as a forger, has said:

"SCRUTINY or vigilance won't insure absolute protection. The protection must be mechanical. In other words, the paper must bear in its fibre something besides the tint and watermark. Besides that, the paper itself must be guarded like money at every step of its manufacture, so that forgers can get neither the paper nor the blank check forms."

In line with this, one form of check paper, when it is manufactured, has the word "void" printed in permanent and indelible ink over its entire surface. These "voids" develop and intensify with the application of ink eradicant, and cannot be removed without disfiguring the paper.

Such precautions play a part in reducing the number of check alterations that cost business men losses running into the millions.

Britain's Cost of Living Control

F. BRADSHAW MAKIN

MR. MAKIN, a contributor residing in England, has written frequently for *BANKING* on subjects related to British economy.

MANY people in Britain still look upon rationing as being mainly confined to food, clothing and gasoline, and consider it as nothing other than a government plan designed to ensure that everyone obtains sufficient food to maintain health and efficiency. Actually, as the Germans discovered before the war, rationing is a most important part of the war economy and exercises a vital influence not only on the war effort but also on the financial measures deemed necessary for success. The democratic countries were not only lethargic to a marked degree but they also failed to realize what total war involved, and it was not until the situation was approaching the desperate that a more comprehensive view of the position was taken and a plan of action formulated.

Soon after the war broke out the first step towards rationing was taken when it was decided to limit the supply of gasoline to the owners of automobiles to approximately six gallons per month. Special allowances were made to road transport companies and a supplementary ration was granted to individuals using their automobiles for business. Immediately the gasoline ration became operative many people disposed of their autos or garaged them, as they did not consider the ration allowed sufficient mileage to warrant paying the normal license duty of \$5 per unit of horse power. Though numerous autos have been relicensed there has, nevertheless, been a considerable diminution in private motoring. For some time the supplementary ration was obtained by most owner-drivers on one pretext or another, and there was also some surreptitious trafficking in gasoline coupons. In recent months there has been a tightening of the regulations, a closer examination of supplementary requests including test check-ups by the police, and now a cut in the basic ration to five gallons per month.

It is interesting to compare the official government figures on private motoring expenditure, including run-

To institute any system of rationing, even in a small country like Britain, calls for considerable preliminary work and much organization. As every individual had been nationally registered and given an identity card and number, the authorities had available the necessary data to allow of ration books being issued to all. The books were issued by the officials of the Food Offices opened in every town and were delivered direct to individuals by mail. On receipt of the books each person had to register with his general store dealer for rationed commodities and when making a purchase of such goods presented his book and surrendered the necessary coupons.



STATEMENT BY
HIS MAJESTY'S GOVERNMENT ON

PRICE STABILISATION AND INDUSTRIAL POLICY

This statement was presented to Parliament last July in clarification of government price stabilization policy

ning expenses, for the calendar years 1938 and 1940, the former being estimated as \$472 million whilst the latter appears as \$200 million.

Early in January 1940 the rationing of food commenced, when sugar, butter and bacon were selected as the first commodities to be restricted. The total quantity allowed per week for each individual was: sugar, 12 ounces; butter, four ounces; and bacon four ounces. Towards the middle of March meat was rationed on a cash basis, the amount being fixed at 40 cents per week for each person. July saw the addition of tea and margarine to the list of restricted articles.

THE present year has witnessed further additions to the list of rationed foods, for in March preserves, i.e., jam, marmalade, syrup and treacle were limited to eight ounces of any one preserve per month. In May cheese was rationed at two ounces per week. November saw a further extension of the rationing system.

It must be made quite clear that every person can without difficulty and without standing in any queue obtain his full quantity of rationed goods each week; there is no such thing as being told that the goods are not available or that the quantity is less than the official amount.

In addition to the rationed foods there are others that might be termed registered goods which can only be obtained from a store where one has registered for them, but these goods are only available at certain times and cannot be demanded weekly. At the present time eggs and onions fall into the registered class. The egg rationing has not so far worked very smoothly, the townspeople complaining that eggs cannot be obtained, whilst the country people have shown great reluctance in sending their eggs to the packing stations. Anyone who keeps not more than 12 head of poultry can retain for his own use the full output of eggs; hence there has been an increase in small flocks of poultry.

In the case of milk rationing, a system of priorities obtains. Children, invalids and expectant mothers are guaranteed at least half a pint of liquid milk per day. The remainder of the population, as the Winter advances and liquid milk becomes scarcer, will have their supplies made up with tinned milk.

The price of all rationed foods has been fixed and there have been no important price rises in these commodities, this being part of the plan to hold down the cost of living. The price of many unrationed foods has also been fixed, but here, unfortunately, the results have not always been satisfactory and many complaints have been voiced. The chief grumble has been that immediately the price of an unrationed article is lowered or fixed, the commodity disappears from the stores and cannot be purchased. Apparently it was not realized at once that to restrict the selling price of a commodity and at the same time to leave it unrationed was the quickest and most obvious way of creating a "black market." Unprincipled middlemen would buy up large quantities of supplies and sell them through the "back door" to anyone who would pay an inflated price for them. An example of this was seen when eggs were controlled at 60 cents per dozen but were not rationed; then people with time, money and gasoline to spare ran out to the country and bought eggs direct from poultry keepers, paying them 80 cents per dozen. The "black market" has been taken in hand by the authorities and severe penalties are now inflicted for any illegal dealings. Nevertheless, it is realized that some form of illicit trading will always be carried on unless complete rationing is enforced.

WITH rationing, it is the unrationed and uncontrolled articles that count most, and it has been authoritatively stated that the British public spends on unrationed foods two-thirds of its total food expenditure and one-quarter of all personal expenditure on goods and services together.

A British shopkeeper can't accept loose rationing coupons



BRITISH COMBINE

The true position is that one ration leads to another and one price control to yet another control. This is inevitable, for rationing is a single process which arises from an all-round war time shortage.

One of the best kept secrets of the war was that of the intention to ration clothing, footwear and knitting yarns, for the announcement came as a complete surprise to the majority of people. About 12 months ago the German system of clothes rationing was made the subject of much ribald jest and official boasting in Britain; therefore the public surprise was all the greater when it was found that the British scheme followed the German precedent.

In Germany a man's suit takes 53 per cent of the annual coupons compared with 48 per cent in Britain; a woman's dress 25 per cent against 18 per cent, and a man's shirt 20 per cent against 9 per cent.

IN addition to the individual rationing of food and clothing there is a large volume of rationing in various trades, i.e., cotton, paper, timber, hardware, wool, silk, jewelry, etc., all of which reduces the civilian supplies.

The Government decided upon a policy of price stabilization for certain essential commodities and is spending some \$400 million per annum on the holding down of prices to act as a deterrent to any increase in living cost.

On the other hand, the authorities have refused to face the issue of a stabilized wage policy, merely contenting themselves with issuing a White Paper setting out the case for stabilization. This raised a protest from organized labor, so nothing further has been done.

The true position is that the goods and services are simply not available. Therefore no increase in wages, salaries, or any other income can raise the standard of living, but will merely push up prices, create a scramble for goods and denude existing stocks. If the problem is approached from the financial side with a stabilization of prices, the result will probably be an increase in "black markets" or queueing, as no price limitation can possibly increase the supply of goods, therefore with wage rates remaining stable but total money incomes increasing on the one hand, and the supply of consumable goods falling on the other hand, the inevitable outcome will be disequilibrium and further scrambles.

THE alternative would appear to be the adoption of some plan similar to that advocated by M. Kalecki of Oxford, referred to as the "limitation of spending," or comprehensive rationing. The main principle of the Kalecki scheme is that each adult should be restricted to a weekly expenditure in shops and stores of some \$5 per week, and \$3 for each child, i.e., for a family of three a total expenditure on necessities of some \$680 per annum. Immediately this sum has been spent, all expenditure in stores must cease, and any amounts remaining in the hands of the individual, as they cannot be spent, automatically become available as savings or taxation. Excess purchasing power is thus immobilized and the conversion of capital into income is prevented.

Some extension of rationing must be brought about before long, but as piece-meal rationing only limits the minor part of the purchasing power in the hands of the public, something further must be done to mop up the excess or inflation will develop.

PAGE 1. SUGAR RATION COUPONS				
SUGAR	SUGAR	SUGAR	SUGAR	SUGAR
24	20	14	8	2
PAGE 2. SUGAR RATION COUPONS				
SUGAR	SUGAR	SUGAR	SUGAR	SUGAR
15	9	3		
PAGE 3. SUGAR RATION COUPONS				
SUGAR	SUGAR	SUGAR	SUGAR	SUGAR
16	10	4		
PAGE 4. SUGAR RATION COUPONS				
SUGAR	SUGAR	SUGAR	SUGAR	SUGAR
26	21	17	11	5
PAGE 5. SUGAR RATION COUPONS				
SUGAR	SUGAR	SUGAR	SUGAR	SUGAR
25	22	18	12	6

BE 910600

BRITISH COMBINE PHOTOS

Five Coupons For a Waistcoat



At the time Mr. MAKIN wrote "Britain's Cost of Living Control" the ration schedule in Great Britain was: sugar, 8 ounces; tea, 2 ounces; fats, butter, 2 ounces; lard, 2 ounces; bacon, 4 ounces; cheese, 3 ounces; margarine, 4 ounces; meat, 20 ounces per week.

THE principle of the rationing plan is that buyer's coupons are given equivalents in terms of clothes—so many coupons per garment, the yearly allowance being 66 coupons per person. Speaking generally, a man can provide himself with one complete outfit per year but he has no spare coupons for extras, says Mr. MAKIN. The chief economic criticism is that the same number of coupons must be surrendered for a suit costing \$16 as one costing \$50.



Telling Directors

O. E. LEAMON

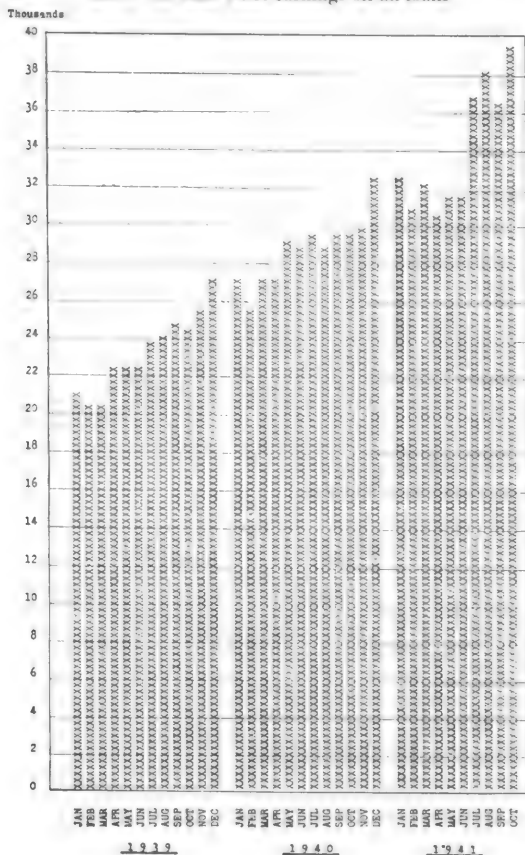
Mr. LEAMON, comptroller of The Fourth National Bank in Wichita, Kansas, reports on his bank's use of home-made graphs in showing its directors the trend of various phases of bank operations. The chart illustrations are made from originals sent by Mr. LEAMON.

OUR directors, like others, are successful business men. Today, more than ever before, they find it increasingly difficult to take time from their jobs to attend the regular bank meetings.

In order to take full advantage of the time they spend in conference, we give them, along with a brief report, several charts and graphs showing the trend of the bank's deposits, earnings, expenses, and bank activity. We feel it is important that they be not burdened with a lengthy, statistical report that has little material bearing on the bank's operation from their point of view. We have found it less burdensome for these men to visualize the bank by the use of charts and graphs.

LOAN EARNINGS

This chart, made with a typewriter on paper ruled by hand, shows the bank's net earnings on all loans



SAYING IT WITH CHARTS

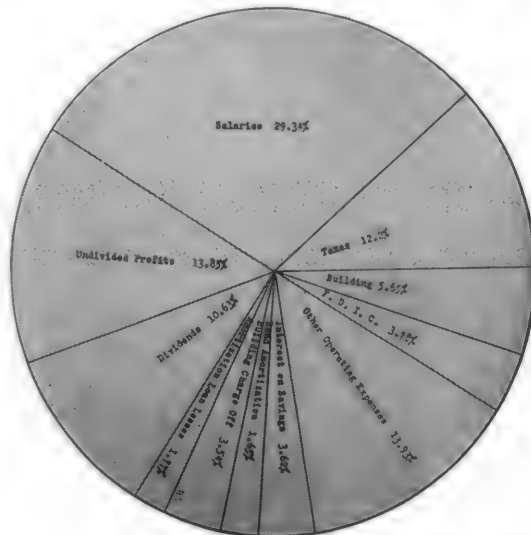
Comptroller Leamon (with the pencil) explains a chart on bond earnings to seven of the bank's directors

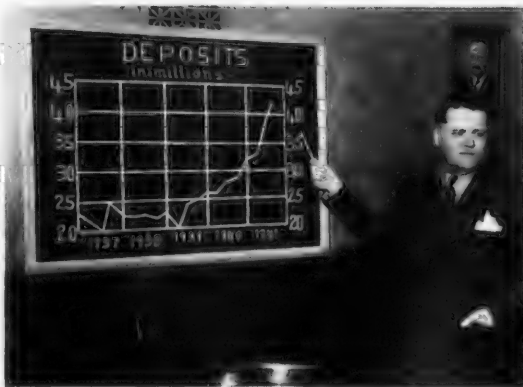
Brevity is an essential feature in reports to directors. They can be made brief and still remain effective; in fact, the picture can be better portrayed with a graph. Notice, for example, the chart on net earnings on loans. You will observe that we have recorded 34 months and that the "highs," "lows," and "present" position are immediately discernible. These charts provide complete, easily understood, and comprehensive comparisons.

Directors and other bank executives can interpret graphs such as these more accurately and with less effort than typical statistical reports. It is no exaggeration to state that directors do obtain a much more complete

INCOME OUTGO

This "piechart" shows the distribution of the bank's income for the year 1940. The lines are ruled with ink and the lettering is typewritten





BLACKBOARD CHART

A. W. Kincade, the Fourth National's president, discusses deposits with the aid of a blackboard chart showing the trend from 1937

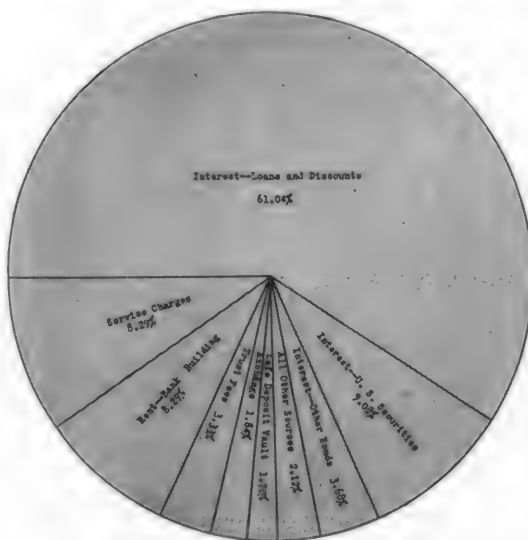
knowledge of the bank's condition and progress from well planned graphs.

In some of the graphs as many as three different related operating results or positions are pictured so that a reader can readily follow each and every one of the three, and compare the relationship and trend of each one with the other one or two. A graph reflecting (1) total deposits, (2) loans, and (3) bonds, over a period of years or months will give directors more information about their bank than they could acquire by reading numerous paragraphs of figures and explanations on the same subjects.

It is not at all difficult to picture check activity, loan volume in numbers, or dollars, deposit trends, or almost any other operation in a similar way. The preparation of graphs is not difficult; it is, in fact, easier than compiling the figures they reflect.

INCOME SOURCES

This chart shows, in percentages, the services from which the bank gets its income

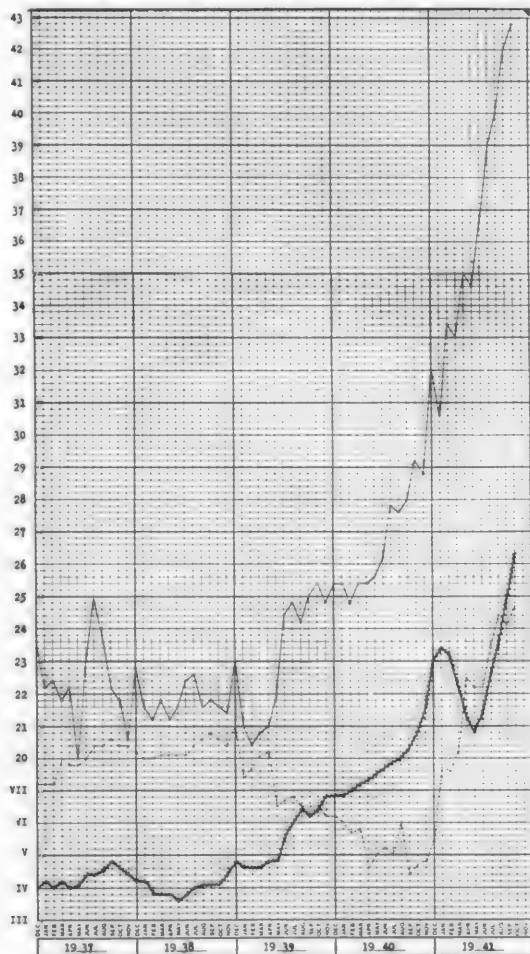


In the short space of time that our directors spend in conference, they scrutinize the records of the bank's activities, as well as confer on various bank policies. We feel that the use of charts and graphs enables them to concentrate on matters of policy and direction, rather than on interpreting a bulky report containing masses of figures.

Some of them, as a matter of fact, have affirmed this opinion by recently adopting the use of graphs in their own business.

THREE-WAY CHART

On this graph three different positions are plotted. Deposits are shown with the solid (uppermost) line; bond holdings appear in the dotted line (rather faint in the picture); and loans in the heavier, "railroad track" line. Deposits in millions are indicated by Arabic numerals 20 to 43, while bond and loan volume are shown in Roman numerals. On the original chart the Roman symbols are extended up the chart on the right hand side, which was not reproduced because of space limitations. Also, the bottom "year" line is carried through 1946 and the "millions" column extends up the sides to 53





**SPEAKERS' HANDBOOK ON UNITED STATES
DEFENSE SAVINGS BONDS AND STAMPS**



"I pledge allegiance
to the flag,
to the United States of America,
and to the Republic
for which it stands,
one nation, indivisible,
with liberty and justice
for all."

**Do Your Share to Keep Her
Flying for Freedom and Peace**

PUBLIC RELATIONS COMMITTEE

OREGON BANKERS ASSOCIATION



The NATIONAL

★ ★ ★ ★ ★

THE Treasury's plans for expanding the sale of war financing securities found Americans eager to buy. The boom in Defense Bonds and Stamps immediately after the Pearl Harbor attack was phenomenal, some banks reporting a rise of 500 per cent. On these pages are a few examples of how banks have been stimulating sales.

Identifying the photographs starting with picture above—counter clockwise:

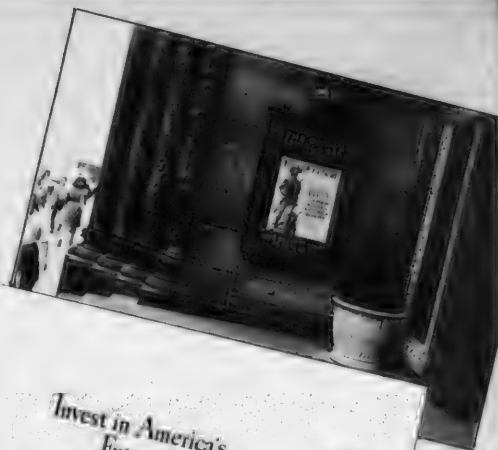
Display suggested by the California Bankers Association to its members

Captive balloon with inscription "Buy Defense Bonds Here" anchored to roof of the Tower Grove Bank and Trust Company of St. Louis

Sidney Maestre, president of the Mississippi Valley Trust Company of St. Louis, left, with Gale F. Johnston, formerly of the Treasury's Defense Savings staff, looking at a miniature of one of 50 billboards which the bank has placed in the local area

Cover of a speakers' handbook issued by the Oregon Bankers Association containing speeches





Invest in America's Future!

- ... Buy Defense Bonds
- ... Buy Tax Anticipation Notes
- ... A patriotic service
- ... A sound personal investment

THE NEW YORK TRUST COMPANY

A * * * * * EFFORT . . .

with booklets and other material issued by the Treasury Department

Display in the lobby of the Cudahy State Bank of Cudahy, Wisconsin

Children buying stamps in the Freedom National Bank, Freedom, Pennsylvania. The bank initiated a drive "Defense Bond and Stamp Day" celebrated by the entire town

Outdoor sign of the East River Savings Bank, New York

William S. Gray, Jr., president, Central Hanover Bank and Trust Company of New York, right, presenting to Walter G. Nelson, assistant vice-president, a \$100 Defense Bond as part of the bank's plan to reward members of the staff who have been with the bank for 25 years or more

A window sign of the New York Trust Company on display at the main office and branches

The official Treasury poster displayed at the entrance of the Bowery Savings Bank of New York

A cardboard reproduction of an Army tank used to promote sales of Defense Bonds in the lobby of the Hartford-Connecticut Trust Company

NEWS-TRIBUNE, BRIGHTON, PA.



BUY DEFENSE BONDS

STAMP 2 TOO

EAST RIVER SAVINGS BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

A Bank's Open House

An enthusiastic crowd of nearly 2,000 answered an "open house" invitation extended by the Peoples National Bank and Trust Company of Lynbrook, New York. The invitation was to visit the bank and "see what goes on behind the scenes." The enthusiasm and attendance prompted the bank to repeat the invitation a few nights later to accommodate those who could not make it the first time and those who wanted a second look.

The visitors inspected the entire banking quarters, including the safe deposit vaults. Employees of the bank were stationed throughout to explain banking operations and answer questions. Among the exhibits was "The Coin Zoo" loaned by The Chase National Bank of New York, consisting of coins from all parts of the world stamped with pictures of animals. Some visitors were allowed to fondle bank notes (under the watchful eye of a member of the local constabulary) of \$500, \$1,000, \$5,000 and \$10,000 denominations. The United States Treasury cooperated by displaying samples of counterfeit money and the movie "Know Your Money."



IT'S
Open House
Tomorrow Evening
At The
Peoples
In Lynbrook

Tomorrow evening, Friday, Nov. 14th, from 7:30 to 10 P. M., is open house at your bank, and everyone is most cordially invited to visit us. Step into the cages, the vault, bookkeeper's room or any part of the bank. Let us explain how we handle the money which is entrusted to our care. Our officers and employees will be on hand to answer questions regarding any phase of their duties. Please bring your children with you.

OTHER EXHIBITS:

COIN ZOO: Bird and Animal Coins from Various Parts of the World.

COUNTERFEIT DISPLAY: Counterfeit Currency under supervision of A. J. of United States Secret Service

BILLS OF HIGH DENOMINATION: \$1,000, \$5,000 and \$10,000 Bills on Display.

THE PEOPLES NATIONAL BANK
AND TRUST COMPANY

ON THE SUNRISE HIGHWAY

LYNBROOK

Member of The Federal Deposit Insurance Corporation

Above, one of a series of ads that appeared in the local newspapers



Left and below, three views showing interested browsers



Announcing

100% STATEMENTS . . .

ANOTHER STEP FORWARD IN BANK BOOKKEEPING MADE POSSIBLE BY RECORDAK

THOUSANDS of fortunate depositors have already begun to benefit by this latest Recordak achievement, the first truly complete bank statement . . . original deposit slips as well as checks and end-of-month statements are returned to the depositor.

Thus the depositor receives the bank's record of his financial transactions, and also his own original records of deposit and withdrawal to authenticate each entry. Depositors' inquiries and misunderstandings are practically eliminated, good will is greatly increased.

What makes the 100% Statement possible?

Recordak picture records—and the Recordak Photographic Plan of Single Posting, which thousands of banks have been using for years . . . with substantial savings.

Deposit slips, in addition to checks and end-of-month statement, are photographed and although the originals are returned with the "100% Statement," the bank is safeguarded by its photographic records . . . records-on-film which are tamper-proof, extraction-proof, substitution-proof. Highly compact records, too—so there is a decidedly worthwhile saving in floor space and filing equipment.

May we furnish complete information? Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.

• • •

Recordak requires no capital outlay—it is rented—not sold. Rental fee includes installation and service by Recordak's staff of bank-trained representatives.

THE "100% STATEMENT"



STATEMENT
plus
CANCELLED CHECKS
plus
**DEPOSIT
TICKETS**

RECORDAK PHOTOGRAPHIC ACCOUNTING SYSTEMS

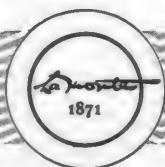
It's SAFER!



Common pointed pins have been in use since old Roman days, but the Safety Pin was not thought of until 1849. » » Paper making is as old as pin making. Yet it remained for George La Monte, in 1871, to invent Safety Paper for the protection of checks against fraudulent alteration and forgery. » » Since the first check was written on La Monte Safety Paper, uncountable billions of dollars have been protected against the hazard of check-raising through this medium. » » Checks of more than 75 per cent of the

nation's leading banks are today written on La Monte Safety Paper. No greater testimony could be offered as to its dollar-value in preventing fraud. » » America's outstanding business corporations also specify La Monte Safety Paper. They value the protection it offers . . . and the prestige it imparts. » » Ask your lithographer or printer to show you samples of La Monte Safety Papers and explain how you can have your own trade mark or individual design incorporated in your check paper.

LA MONTE *Safety* PAPER



GEORGE LA MONTE & SON
Nutley New Jersey



The Legal Answer Page

Bonus Payments as Wages

What effect, if any, do cost of living bonus payments have on the calculation of employees' regular hourly rate of pay and overtime compensation under the Wage and Hour law?

THE Wage and Hour Division has taken the position that where it can be conclusively demonstrated that a particular payment is a gift or gratuity, it need not be considered in the computation of the regular rate of pay. Thus, in bonus plans where the payment and the amount of the bonus are solely in the discretion of the employer, the sum, if any, being determined by him, the employee having no contract right, express or implied, to any amount, such payments will not be considered a part of the regular rate at which the employee is employed and need not be included in computing his regular hourly rate of pay and overtime compensation.

If, on the other hand, the employee has a right by contract, express or implied, to a payment, it cannot be considered to be a gift and must be included in computing the employee's regular hourly rate of pay and overtime compensation. In this latter category fall those situations where the term "bonus" is used to describe some of the various methods of deferred payment for work done.

To illustrate what has been said, suppose the board of directors of a bank at the end of a given period decides, because of an increase in the cost of living during such period, to give the employees of the bank a bonus measured by a percentage of the employees' salaries approximately equivalent to the amount of the increased living cost. It passes a resolution making it clear that such bonus is a gift and not a salary increase, and that there is no commitment between the bank and its employees to give the particular bonus payment or any future bonus payments. It is believed that such an arrangement would not make the payments a part of the regular rate at which an employee is employed and need not be included in computing his regular hourly rate of pay and overtime compensation.

However, should the board of directors, by resolution or otherwise, agree in advance to pay the employees of the bank a bonus to be determined in the same manner as above, payable at certain stated periods, there would appear to be a contractual relationship created which would entitle the employees to the bonus payments during the period that the plan was in force. This would be true despite an understanding that such arrangement could be terminated at any time in the discretion of the board of directors. It would follow that any payments under the plan would have to be treated as part of the regular rate at which an employee is employed in computing his regular hourly rate of pay and overtime.

Frozen Funds—Attachment

Do executive orders "freezing" funds of certain foreign countries and nationals thereof prevent a bank from turning over to an attaching creditor blocked deposits which were attached prior to the effective date of the order?

IN the Supreme Court of New York, Trial Term, an attachment-creditor instituted an action against a bank which was depository of funds of an Italian quasi-governmental corporation, to compel the bank to deliver funds of this corporation on which a levy had been made November 29, 1940.

The bank based its refusal to turn over the amount on hand in this corporation's accounts on the executive order "freezing" funds of the Italian Government and its nationals.

The court pointed out that when the sheriff levied under the warrant of attachment, the corporation's monies were free of restraint from transfer; the restraint against Italy and its nationals only having become effective June 14, 1941. The executive order was not retroactive, "that is clear from the plain language as to its effective date."

"But assuming it was retroactive and effective on the date of the levy I do not see that this would aid the defendant. . . . While the language of the executive order is broad and savors of an all-inclusive interdiction, nonetheless the range of its application is to be viewed and measured in the light of its obvious intent; . . . to harness all the funds and other property in this country of an unholy triumvirate, and their nationals, and, as well, the property of and belonging to invaded and conquered sovereignties and their nationals, thus to deprive a vicious alliance and a potential, if not an actual, foe of this nation—and Germany in particular, as its dominant force—of the possession, utilization and disposition of all of these resources which they might conceivably employ to further attain their unlawful objectives; in other words, to prevent the property and funds of such nations 'from following into the hands of the aggressor Axis powers'.

"The quintessence of the order is the sovereign control of the possession, use and disposition of such funds or other property which might or could be employed by these hostile powers for a sinister purpose, or which might or could be used by them to pursue a course deemed by our Government to be inimical to the best interests of the nation and detrimental to the peace of the world at large. This is the plain design and intent of the executive order and by no fair, reasonable and sensible construction can an intention be implied therefrom to interrupt the orderly and established processes of the law, . . ."

Furthermore, a remedy was open to the bank under the terms of the executive order "by making application to the Secretary of the Treasury for license to pay over these moneys to the sheriff, and it could and should have availed itself of it if it deemed the executive order binding upon it; . . ."

(*Brown and ano. v. J. P. Morgan & Co. Inc.*, N. Y. Sup. Ct., Trial Term, Pt. XIV, Nov. 25, 1941, 106 N. Y. Law Journal, 1665.)

FORM 1040 A
TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE

OPTIONAL
UNITED STATES
INDIVIDUAL INCOME TAX RETURN

THIS RETURN MAY BE FILED INSTEAD OF FORM 1040 BY
CITIZENS OR RESIDENT ALIENS IF GROSS INCOME
IS NOT MORE THAN \$1,000 AND IS ONLY
FROM SOURCES STATED HEREON

1941

Do not write in these spaces
Serial No.
Amount Paid
(Contributor's Stamp)

PRINT NAME AND HOME OR RESIDENTIAL ADDRESS PLAINLY BELOW

1 John and Mary Doe
(Name) (Use first name of both husband and wife, if the latter is a joint return)
100 Oak Street
(Street and number, or rural route)
Danville, Doe Co., Doe
(City, town, or rural route) (County) (State)
Occupation Machinist

Club—Check—M. O.

DEPENDENTS ON LAST DAY OF YEAR

List persons deriving their child support from you (other than husband or wife) under 18 years of age or mentally or physically incapable of self-support

Name of dependent	Relationship	Is 18 years of age or over, and is not a dependent?
John Doe, Jr.	Son	2

GROSS INCOME LESS ALLOWANCE FOR DEPENDENTS

1. Salary, wages, and compensation for personal services.
2. Dividends, interest, rent, annuities, and royalties.
3. Total. 2,200.00
4. Less: \$400 for each dependent. 400.00

(If you are the head of a family (see definition on other side) only, increase of dependent(s) listed above, \$400 for each.)

INCOME SUBJECT TO TAX

6. Tax to be paid (from Columns A or B of table on other side) 1832.00

I/we swear (or affirm) that this return has been examined by me/us, and, to the best of my/our knowledge and belief, is a true, correct, and complete return, made in good faith, for the taxable year stated, pursuant to the Internal Revenue Code and regulations issued under authority thereof; and that I/we had no income from sources other than stated herein.

Subscribed and sworn to by _____ before me this _____ day of _____, 1942.

(Signature and title of officer administering oath) (Signature) (If this is a joint return, it must be signed by both husband and wife, or both in a proper order, by the agent preparing the return.)

An income tax return is required to be filed by single persons having a gross income (item 3 above) of \$750 or more and married persons having a gross income of \$1,500 or more. A husband and wife may make a joint return on this form if their combined gross income is not more than \$3,000. A separate return may be made on this form if the gross income of the one filing the return is not more than \$3,000. If this return is used, it must be filed with the Collector of Internal Revenue for your district on or before March 15, 1942. The tax may be paid in equal quarterly installments commencing March 15, 1942. Pay tax, if any, to the Collector and if payment is made by check or money order, make payable to "Collector of Internal Revenue."

FORM 1040 A, FRONT

PLACE CHECK MARK (✓) IN THE APPLICABLE BLOCK □ BELOW

5

Single (and not head of family) on last day of year..... □
Married but not living with husband or wife (and not head of family) on last day of year..... □
Married and living with husband or wife on last day of year but each filing separate return..... □

Married and living with husband or wife on last day of year and this return includes all income of husband and wife.....
Head of family (a single person or married person not living with husband or wife who exercises family control and supports closely connected dependent relative(s) in one household) on last day of year..... □

IF YOU CHECKED ONE OF ABOVE, FIND YOUR TAX IN COLUMN A

IF YOU CHECKED ONE OF ABOVE, FIND YOUR TAX IN COLUMN B

COLUMN A		COLUMN B		IF income subject to tax (item 3) is		COLUMN C		IF income subject to tax (item 3) is		COLUMN D	
Over	But not over	But not over	Over	But not over	Over	But not over	But not over	Over	But not over	But not over	Over
81	8750	80	81,600	81,625	863	81	82,350	82,375	8128	860	
760	775	1	1,625	1,550	65	2	2,875	2,900	130	48	
775	800	2	1,650	1,575	68	3	2,900	2,925	132	63	
800	825	3	1,675	1,600	70	5	2,925	2,950	134	67	
825	850	5	1,690	1,625	72	6	2,950	2,975	137	69	
850	875	7	1,625	1,650	74	7	2,975	2,400	139	71	
875	900	9	1,650	1,675	76	9	2,400	2,425	141	73	
900	925	11	1,675	1,700	78	11	2,425	2,450	143	76	
925	950	14	1,700	1,725	80	13	2,450	2,475	145	78	
950	975	16	1,725	1,750	83	15	2,475	2,500	147	80	
975	1,000	18	1,750	1,775	85	17	2,500	2,525	150	82	
1,000	1,025	20	1,775	1,800	87	19	2,525	2,550	152	84	
1,025	1,050	22	1,800	1,825	89	21	2,550	2,575	154	86	
1,050	1,075	24	1,825	1,850	91	23	2,575	2,600	156	89	
1,075	1,100	26	1,850	1,875	93	25	2,600	2,625	158	91	
1,100	1,125	29	1,875	1,900	96	27	2,625	2,650	160	93	
1,125	1,150	31	1,900	1,925	98	29	2,650	2,675	163	95	
1,150	1,175	33	1,925	1,950	100	31	2,675	2,700	165	97	
1,175	1,200	35	1,950	1,975	102	32	2,700	2,725	167	99	
1,200	1,225	37	1,975	2,000	104	33	2,725	2,750	169	102	
1,225	1,250	39	2,000	2,025	106	35	2,750	2,775	172	104	
1,250	1,275	42	2,025	2,050	109	37	2,775	2,800	174	108	
1,275	1,300	44	2,050	2,075	111	39	2,800	2,825	177	108	
1,300	1,325	46	2,075	2,100	113	41	2,825	2,850	180	110	
1,325	1,350	48	2,100	2,125	115	43	2,850	2,875	183	112	
1,350	1,375	50	2,125	2,150	117	45	2,875	2,900	186	114	
1,375	1,400	52	2,150	2,175	119	47	2,900	2,925	189	117	
1,400	1,425	55	2,175	2,200	122	49	2,925	2,950	191	119	
1,425	1,450	57	2,200	2,225	124	51	2,950	2,975	194	121	
1,450	1,475	59	2,225	2,250	126	53	2,975	3,000	197	123	
1,475	1,500	61									

The income to be reported in this return is gross income (not including income which is wholly exempt from income tax) without any deductions. The taxes in the above table are such that they generally compensate for deductions and credits not allowable if this form is used.

U. S. GOVERNMENT PRINTING OFFICE

FORM 1040 A, BACK

Help for New Income Taxpayers

HERBERT M. BRATTER

THE lowering of income tax exemptions means that this year there will be filed some 6,100,000 new Federal income tax returns. When Mr. and Miss Taxpayer open the fat envelope which each will probably receive from the Bureau of Internal Revenue in the early days of January, he or she will pull out a handful of printed forms and directions: two copies of the white, six-page form 1040, including directions;

The panel below refers to the tax return facsimile on the opposite page. In the Treasury's folder this explanatory material appears adjacent to the return, but BANKING did not have space to reproduce it in that position

Just six items to fill in—

- ① Your name, address, and occupation
- ② Your dependents
- ③ List your income
- ④ Subtract your credit for dependents
- ⑤ Indicate your family status
- ⑥ Read your tax directly from the table

two copies of the buff-colored "optional," simplified Form 1040-A; and an improved green "information return," Form 1099, showing the type of information submitted to the Collector of Internal Revenue by the taxpayer's employer, i.e., the amount of money which was paid to the individual during 1941.

On opening this envelope the taxpayer may feel overwhelmed by all the papers and by the thought of having to fill out a seemingly complicated return. However, the Treasury has this year made the income tax forms for all taxpayers easier to understand. And, for the eligible new and small taxpayer especially, the optional Form 1040-A, mentioned above, is really quite easy to fill out, a matter of minutes.

Banks can be of invaluable assistance to their customers, the public, and the Government, if they will advertise the fact that the Treasury has prepared a new folder, "How to File Your Income Tax the Simple Way." This folder will be available, at any office of the Collector of Internal Revenue, to any citizen; and it may be obtained in quantity for distribution by banks and by employers.

No one is obliged to use Form 1040-A instead of Form 1040. Nor may everyone use the simplified return, 1040-A; but for those who may use it, the problem of preparing a return is just a matter of a very few minutes.

This year all single persons having gross incomes of \$750 or more during 1941, or married persons having a gross income of \$1,500 or more, must file an income tax return, whether or not there is a tax liability. Those eligible to use the new simplified return are persons with a gross income of not more than \$3,000 from salaries, wages, compensation for personal services, dividends, interest, rent, annuities and royalties only. Note the "only."

The simplified return, Form 1040-A, automatically makes provision for deductions and family status. The taxpayer needs to do only six things. These six steps are illustrated in the facsimiles of the front and back of Form 1040-A.

For taxpayers who must or who elect to report on the white sheets, i.e., the regular Form 1040, instead of using the new simplified return on the buff colored paper, the following table shows

how much tax must be paid on net 1941 income, *before* deduction of personal exemptions, and credit for dependents, from salaries and wages of selected amounts.

*Net income from salary or wages	Tax for single person, not head of family—no dependents	Tax for married person living with husband or wife			
		No dependents	One dependent	Two dependents	Three dependents
\$ 750					
800	\$3				
900	11				
1,000	21				
1,100	31				
1,200	40				
1,300	50				
1,400	59				
1,500	69				
1,600	79	\$6			
1,700	88	13			
1,800	98	23			
1,900	107	32			
2,000	117	42	\$6		
2,100	127	52	12		
2,200	136	61	21		
2,300	146	71	31		
2,400	155	80	40	\$6	
2,500	165	90	50	12	
3,000	221	138	98	58	\$18
3,500	284	186	146	106	66
4,000	347	249	197	154	114
4,500	410	312	260	208	162
5,000	483	375	323	271	219
6,000	649	521	453	397	345
7,000	825	687	619	551	483
8,000	1,031	873	789	717	649
9,000	1,247	1,079	995	911	827
10,000	1,493	1,305	1,205	1,117	1,033
12,000	2,035	1,817	1,701	1,597	1,497
14,000	2,657	2,409	2,277	2,157	2,041
16,000	3,354	3,084	2,940	2,805	2,673
18,000	4,112	3,819	3,663	3,516	3,372
20,000	4,929	4,614	4,446	4,287	4,131
22,000	5,807	5,469	5,289	5,118	4,950
24,000	6,744	6,384	6,192	6,009	5,829

*Net income after allowable deductions, but before deduction of personal exemptions and credit for dependents.

In explaining the use of the simplified income tax return, the Treasury's folder says:

"Form 1040-A simplifies filing income tax returns for millions of small taxpayers.

"If you use this simple Form 1040-A you can prepare your return in a few minutes.

"The filing of a return is required by all single persons having gross incomes of \$750 or more, and for all married persons having gross incomes of \$1,500 or more.

"Form 1040-A may be used by persons who are required to file returns but who have gross incomes of not more than \$3,000 from salaries, wages, compensation for personal services, dividends, interest, rent, annuities, and royalties only.

"The tax shown on Form 1040-A automatically makes provision for deductions and family status. . . ."

Foresight

During 1941

...banks invested many more millions of dollars in new Burroughs equipment than in 1940 or any other year of the previous decade.

Faced with expanding activities, with an increasing volume of work, and with a growing scarcity of trained personnel—banks in 1941 gave more careful consideration than ever to the necessity for investing in figuring and accounting equipment which would give them *lasting* advantages, such as:

DEPENDABILITY... to assure the maximum of continuous operation of the equipment over a long period of years.

FLEXIBILITY... to permit quick adaptation to any changes the years might bring.

TIME-SAVING FEATURES... that make machines easier and faster to operate, enable the bank's clerical employees to do their work in less time, with less effort and at less cost.

Confidence that increases with the years led banks to choose Burroughs.

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

Today's Burroughs

DOES THE WORK IN LESS TIME—WITH LESS EFFORT—AT LESS COST

Pension Trusts

J. BLAKE LOWE AND JOHN D. WRIGHT

The authors are members of a firm of tax consultants, with offices in Baltimore, Maryland.

IN the case of close corporations, the tax savings possibilities of the pension trust are one of the principal reasons for its recent development. A pension program, properly planned, has three outstanding tax advantages:

1. The employer is allowed to deduct reasonable amounts contributed to the plan for income tax purposes.
2. The amounts contributed by the employer do not constitute income to the employee until such time as he actually receives payments from the fund.
3. Any income which may be earned by the trust itself is free from income tax.

Although any employer may establish a pension trust, only a corporation can include the managing ownership in the plan and still retain the tax advantages outlined above. This is the principal distinction, but a very important one, between a pension plan established by a corporation or one created within a partnership or sole proprietorship.

Special groups of employees

MANY pension plans, now in operation, are limited to a special group of employees such as those earning \$3,000 per year or more. There are a number of reasons which justify limitation to a special group of employees:

1. It reduces the total costs of the pension program.
2. The more productive and stable group of employees is usually under a limited plan.
3. The present Social Security benefits are inadequate for all except the lower wage classes. For instance, the maximum pension is \$85 per month regardless of the amount of salary which may be earned. An employee, therefore, who is earning only \$1,200 per year is provided with a retirement income of 32½ per cent under the Social Security law. On the other hand, the individual with an income of \$3,000 receives only 19 per cent, and individuals with incomes in excess of \$3,000 receive no additional benefits.

At the present time a substantial in-

crease in Social Security benefits is under consideration; but the increases, if effected, will be primarily in connection with the retirement income of employees who are earning less than \$3,000 a year.

Any pension plan contemplates long-term planning. The present period of disturbed conditions, however, does not lend itself to such a program. In many of the recent plans, therefore, although a permanent program is anticipated,

three to five years is considered as a base period. If it is subsequently necessary to discontinue the program, little or no adverse effects result if the plan is not all-inclusive and is restricted to a special group of employees.

Purpose of pension plans

THE purpose of the original pension trust was to provide in advance for the orderly retirement of employees at a



80 YEARS OF

*Research and improvements
produced 3 DIMENSIONAL RECORD PAPER*

Over three-fourths of a century of exploring for better manufacturing methods has resulted in papers that offer you three distinct advantages . . . a smooth writing surface that withstands erasures or thumbing . . . extra strength to resist the hardest usage . . . permanence that outlives generations. Specify PARSONS RECORD PAPERS (made from cotton fibers) for all your important documents. There's no additional cost for the extras it gives you. Send for samples today.

Sample books of these grades can be obtained from your Printer, Lithographer, Parsons Merchant or direct from the mill.

PARSONS RECORD PAPERS . . . OLD HAMPDEN BOND · GOTHIC BOND
LACONIA BOND · SCOTCH LINEN LEDGER · PARSONS LINEN LEDGER
DEFENDUM LEDGER · MERCANTILE RECORD · PARSONS INDEX

Parsons

**BONDS
LEDGERS
INDEX**

PAPER COMPANY · HOLYOKE · MASS.

time when their usefulness began to decline. It was felt that employees operating under such a plan would have reasonable security and as a result would be happier and more efficient; that the labor turnover would be reduced. The tax saving features, however, have become increasingly important since the rapid rise in tax rates. On the other hand, no pension plan created solely for tax purposes can be justified.

During a period of rising wage levels and more rapidly rising tax schedules, pension plans can be used effectively and advantageously for the benefit of the employees, the managing owners

and possibly for the benefit of the Government. The tax advantages for employees in the higher income brackets is obvious. For instance, under the 1941 Revenue Act, an employee receiving \$3,000 a year income is in a 9 per cent surtax bracket. On incomes in excess of that amount, the surtax rates increase rapidly. Any increase, therefore, in the wages of these employees will be subjected to heavy taxation. An increase in an income of \$8,000 is subject to a 21 per cent surtax; an increase in an income of \$16,000 is subject to a 35 per cent surtax; an increase in an income of \$22,000 is subject to a 44 per cent surtax.

If, however, this increase in wages is paid to officers and key employees in the form of a pension plan providing for retirement income, the amounts so paid under a properly planned program are not currently taxable to them. The income when it is ultimately paid at retirement, is, of course, taxable at that time; but in most instances this will be during a period when the individual's salary has been discontinued and consequently at a time when his income tax liability will in all probability be materially reduced. If the participant dies before retirement, however, his family receives the benefit of his savings.

Although pension programs minimize immediately taxable income in so far as the Government is concerned, they also tend to minimize the dangers of inflation, particularly if adopted on a wide scale. The pension trust defers the current increase in purchasing power.

Bona fide plans

A BONA FIDE pension trust establishes a fixed pension for a substantial number or all of the employees at a retirement age. It must be distinguished from a bonus or profit-sharing plan which sets aside a portion of the business profits for selective employees when, as and if such profits are earned. Furthermore, it cannot be a subterfuge for the payment of unreasonable salaries.

If a pension plan is created primarily to reward faithful employees, to eliminate the fear of old age, to encourage thrift, to improve efficiency or to provide for the retirement of employees at a stated age, it carries out a bona fide purpose. At the same time, for the reasons given, restriction of the plan to a limited group of employees is practical, in many instances advisable, and the tax savings accomplished justified.

The distinction between a bona fide pension plan and one that is merely a guise for distributing profits to stockholders or officers is important. The following elements are essential to the pension plan if it is to be accepted as such by the Treasury Department.

The program must be reasonable and should be actuarially sound. The fund must not be capable of diversion from one group of employees to another. The plan should be for the exclusive benefit of the employees. It cannot, for instance, be a subterfuge for the withdrawal of profits or payment of excessive salaries to officers. The fund can revert to the employer only when all liabilities of the trust to the employees have been satisfied. Certain detailed information must be furnished with the employer's income

1863



1942

Correspondent Bank Service

Through the divisional organization of this bank, the business of banks and bankers is concentrated in Division F. This affords to correspondents the prompt and personal attention of officers who, through years of experience and broad contacts in all parts of the country, render efficiently the many services required by bankers.

Executive officers coordinate the divisional organization with all other departments of the bank, rounding out a complete financial service.

Banks are invited to use our comprehensive facilities to the full extent of their needs.

The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

tax returns if he anticipates deduction for payments to the pension trust. This includes a copy of the trust indenture, a description of the plan and the reason for the exclusion of some employees, if all are not originally included.

Before a Congressional Committee, a Treasury Department aide stated:

"... Information available indicates that some taxpayers are attempting to convert into a tax avoidance mechanism a statutory provision designed to encourage pensions.

... some corporations are attempting to pass what really amounts to compensation or bonuses into pension trusts, thus postponing the taxation thereof until the period of their retirement, at which time it is expected their individual brackets will be much lower because they will not be receiving salaries.

"... a corporation may pay large bonuses to a few stockholder officials or key men. The corporation is entitled to deduct such amounts for income and surtax purposes, while the recipients of the bonuses escape any tax thereon until distributions are made to them from time to time in smaller amounts in the form of pensions or annuities which will normally enable them to keep their income in the lower surtax brackets. In either of the cases mentioned, it may well be that the corporation would have distributed the profits or paid the bonuses direct to the stockholder officials and key men were it not for the tax advantages realized by the use of the pension trust plan."

In order to illustrate the point, a closely held corporation having a distributable profit of \$200,000 for the taxable year was used as an example. In this case, the company might pass on to two or more operating owners the benefit of \$50,000 by contributing that amount to a pension trust to be subsequently invested or used for the purchase of annuities to provide pensions for these officials. If the corporation was entitled to deduct the \$50,000 from gross income it would, of course, realize a benefit for the purpose of the corporate income tax and surtax on undistributed profits. The operating owners, moreover, would also secure additional benefits since no part of the \$50,000 would be taxable to them until subsequently distributed in the form of annuities or pensions.

Life insurance companies developed the first pension plans. In these cases, group annuity policies on the lives of the employees were written by an insurance company; payments were made direct to the insurance company and ultimate benefits paid direct to the employees. At the present time, however, whether or not the annuities are purchased from an insurance company, the modern plan employs a trustee, under which both the payments and disbursements are made by the trustee. Under the modern plan, pension funds may be created by group annuities purchased by the trustee from an insurance company, by individual

annuities purchased by the trustee from an insurance company, or by payments into and investment of the fund by the trustee. In all of the more recent plans, a trust company is usually the depository for the fund, and the operation of it is vested in a pension committee selected by the employer and employees.

Registration with the SEC

It is important to note that if a direct purchase is made from a life insurance company, the pension plan is exempt from registration with the Securities and Exchange Commission. A direct purchase, furthermore, of United

States, state or municipal bonds does not require registration. Plans not in excess of \$100,000 can be exempted by rule of the Commission. All plans, where the employer makes no contribution, will probably be exempt because registration contemplates a public sale or offer to sell. With these exceptions, all other plans may require registration under the present law, although an amendment to the Securities Act may enlarge the types of plans which would be automatically exempt. Until such an amendment has been made, however, any employer contemplating a pension trust should investigate the registration requirements.

AS WE ENTER

1942

TO an institution with a background of eighty-five years of banking experience, each new year presents a challenge in the unforeseen shape of things to come. In the present state of national and international affairs, 1942 may be a year of great moment and change.

Mercantile-Commerce continues to face the future steadfast in its belief that sound banking and sound business will continue to march forward together in the service of our nation... today, as well as long after the economic dislocations which are unavoidable in a National Emergency.

St. Louis has become a great industrial defense center, and this bank is playing its part in meeting the financial needs of business engaged in these defense activities.

So again for 1942 we offer our services to correspondents... services based upon the conservative principles of sound banking, yet progressively adjusted and improved to meet whatever new conditions may arise.

MERCANTILE-COMMERCE

Bank and Trust Company

SAINT LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

EQUIPMENT and IDEAS

This department of BANKING is conducted by John J. McCann.

Job for Maintenance

NO QUESTION but that war will affect the production of bank equipment and all goods which consume basic metals. How much, no one is prepared to say. But every manufacturer and supplier strongly endorses any action that seeks to improve maintenance, and increase the work and efficiency of present equipment. It's patriotic as well as economical to look up the old catalogs and instruction books and take note of the "do's and don'ts" of practical maintenance. It's a good idea to see that operators apply them immediately.

One way to do it is suggested by THE CLEVELAND TRUST COMPANY. This bank recently issued a mimeographed bulletin—"Household Hints to Machine Operators"—which laid down the machine maintenance department program. Separate sheets outlined the proper care of typewriters, bookkeeping machines, adding machines, check-writers, numbering and endorsing machines. Maintenance pointers were taken from the recommendations of each manufacturer. One page covered "general cautions": Oil regularly; control temper when something goes wrong; operate with fingers, not fists; clean after using; cover when not in use. In summary, the bulletin concludes, "Rules for operating machines really boil down to this: If a piece of delicate machinery is operated as it should be—given reasonable care—repair calls and replacement will be extremely rare."

"Punch Card"

THE FEDERAL RESERVE BANKS of Chicago, New York and Boston have just installed a new mechanized punch card system for handling checks. Announcements recently addressed to member banks in the Chicago district stated that from then on bookkeeping on checks submitted to the Reserve bank for collection will be greatly minimized. It is unnecessary to show names, location or descriptive symbols of the drawee banks, or to furnish photographic reproductions. The practical effect of the new check handling system, officials said, will be to ease the member bank's problem of getting their clerical work done within regular working hours. The work of developing the system was begun more than a year ago. It involves adaptations, never before attempted, of complicated, standardized tabulating, key punching and sorting machines.

Plastic

A NEW MEDIUM takes a bow in bank fixtures. Plastics Inc., a Miami manufacturer introduces transparent, plexoglas name-plates—a plastic composition which is unbreakable, shadowproof, and which harmonizes perfectly with the clear glass of the open style tellers' wicket. The plates are molded in a variety of designs and sizes—but lean to the simple modern oblong plane with rounded edges. Names are etched in the panel. THE FIRST NATIONAL BANK OF PALM BEACH, Florida, is one of the first to use this new material.

Deposit Slip

EVER CONSIDER the "lowly" deposit

slip as an effective advertising medium? Most banks use them by the thousands.

A specimen produced by the Shelby (Ohio) Salesbook Company for its client, THE IRVINGTON (New Jersey) NATIONAL BANK, has on the face side the usual deposit form, but down in the lower left corner and breaking through the last few "item" lines is a circle selling safe deposit boxes. On the reverse side of the slip, which usually runs blank, the safe deposit story is carried through.

Payroll System

A NEW PAYROLL plan devised by Cleveland's CENTRAL NATIONAL BANK is being utilized by many commercial customers because it is faster, more accurate, and less expensive than previous methods—advantages of special importance with current demands on production speed. Instead of paying employees with individual drafts, these firms deposit one blanket payroll check. The bank sets up special ledger sheets on which each employee's salary is credited. Employees may draw their entire salary by check or cash at one time, or draw checks against these funds as needed. When the company check is credited to the individual accounts, one voucher is sent to each employee notifying him that his salary has been credited, a copy goes to the employer for payroll records, a triplicate is held at the bank.

The plan saves time for firms which have large payrolls by eliminating the need for separate accounts. There is no need to reconcile the transaction at the company's office, which saves costs. No large sums of cash need be carried to or from the bank—thus eliminating robbery hazards. Employees are also en-

TIMELY BANK WINDOWS

Bonds, bombs and bombers figure in these bank displays. Left, the Security-First Bank of Los Angeles features a Lockheed aircraft exhibit, which is to be displayed at banks elsewhere. Right, the First Security Bank of Ogden, Utah, shows some sample bombs and a Savings Bond



couraged to budget their salaries under the plan. Result: increased volume and income for the bank. No charge is made to the employer for the service.

Collections via Post

THE CURTISEE MAILER has been adopted by several hundred banks since its introduction a short while ago. It is a combination past-due notice and return "payment" envelope in a single unit, manufactured by Curtis 1000 Inc., of Hartford, Connecticut. The patent-pending design is unique. In effect it is a regular No. 6 envelope with a double and extended flap. When folded the longer flap seals the mailer on the bottom. It contains the instalment collection message on the inside. This flap is perforated so that when torn off, the second and smaller flap falls into place as a sealer for the return remittance. It can be mailed for 1½ cent postage regardless of distance provided the notice copy is printed—not handwritten or typed, otherwise it must carry first-class rates. In addition to saving postage, this unit saves mailing time and as a return-addressed self-mailer the invitation and impulse to pay immediately is strong. These envelopes may be carried in quantities already folded, simply addressed and mailed at the close of business. Printed messages are available in three groups—the notice, the reminder and the final notice—usually run on red stock. It is an important aid in view of present wage and hour regulations.

Coin-tainer

ANOTHER CASE of necessity mothering invention. E. R. Watkins of the MAHONING NATIONAL BANK of Youngstown, Ohio, found that the necessity of counting loose change at the deposit window, slowed the transaction and at "peak loads" caused a good deal of trouble. So he designed the "coin-tainer," a loose coin deposit envelope which provides a fill-in date, name and amount blank. Instructions advise the depositor that his service will be speeded, if he will kindly use the envelope for all unwrapped silver. The coin-tainer is accepted at face value and checked later in the bank's counting department. The depositor is notified immediately of any discrepancy.

Accounts Receivable

DISCOVERED—the bookless book-keeping system! The secret of this new system, developed by The Todd Company of Rochester, New York for its own use, is a skillful combination of three sets of equipment which, so far as is known, have never before been com-

bined in any accounts receivable operation. Involved in the setup are the SorterGraf, the National Cash Register 2000 class, and the Recordak. To explain how each of these units function it is necessary to trace the route traveled by a receivable account:

Because of the complexity of the Todd organization, which is both a manufacturing and sales company, there are several forms in its billing set. When the customer is billed, the ledger form is filed in the accounting depart-

ment for future use in clearing the transaction. This is a duplicate of the original invoice and provides data relating to terms of sale, credit information and so on. Another copy is permanently bound in numerical sequence and serves as a sales book.

The ledger copy of the invoice is then filed under its proper tab in the SorterGraf, a machine broken down into 2,600 geographical divisions so that no one tab controls more than four or five ledger sheets. In searching for the ledger



"Service to the nation in peace and war"

Following the last World War a bronze and marble group was placed in the lobby of the American Telephone and Telegraph Company building in New York. On it are inscribed these words, "Service to the nation in peace and war."

They are more than words. They are the very spirit of the entire Bell System organization. In these stirring days, we pledge ourselves again to the service of the nation . . . so that "Government of the people, by the people, for the people, shall not perish from the earth."

BELL TELEPHONE SYSTEM



sheet the operator consequently needs only to refer to the appropriate tab and withdraw it from the machine.

Meanwhile, the original invoice is received by the customer and a check has been issued. When received at the accounting department, the appropriate ledger is drawn from the SorterGraf, identified to the check, and routed to the cashier's department. There, by means of the National Cash Register, both the cash book page and deposit ticket are prepared; simultaneously, the ledger sheet is canceled with an indication of the date paid, transaction number, amount involved, etc. Then both

ledger and check are photographed by the Recordak and the cycle is complete—without book records.

Since the adoption of the new routine, which has infinite applications to large and smaller institutions, Todd says clerical time has been reduced 75 per cent.

Vacation Contest

PATERSON SAVINGS INSTITUTION, Paterson, New Jersey, held its first annual vacation photo contest recently. The contest was limited to photographs taken during the 1941 vacation season, and participation was open to all ama-

teurs residing in Paterson and vicinity. For several weeks new entries were exhibited in the bank's windows. The 12 prize-winning prints were professionally enlarged and salon-mounted for a special window display. Special prizes were awarded to novice and advanced amateurs. In newspaper advertisements announcing the contest, the bank tied in an invitation to join the 1942 Vacation Savings Club.

Press Relations

AN INTERESTING example of reciprocal press relations is cited by THE FIRST NATIONAL BANK OF MEMPHIS, Tennessee. In this section as in others, the large amount of initial publicity given Regulation W resulted in an abrupt and almost complete stoppage of instalment credit demands. The bank continued its efforts to overcome misinterpretations of the new regulations through newspaper advertising and direct mail with little effect. Recently the Memphis *Commercial Appeal* carried a full-page publisher-sponsored advertisement in its Sunday edition with the heading: "Installment Buying Has Aided America's Growth! Installment Buying Has Not Stopped." Copy outlined the situation briefly and clearly, citing seven significant facts on present credit terms. During the week following publication, the bank asserts loan applications jumped back practically to normal. Says the bank, "We feel that the *Commercial Appeal* is due much credit for this public-spirited action and have informed it of our sentiments."

Post No Bills

WHEN BANKS settle down to do a promotion job in behalf of national defense no stone is left unturned . . . no board unposted. Our picture files bulge with striking building decorations and displays publicizing Defense Bonds and Stamps. But here is something unique: At Syracuse, New York, the LINCOLN NATIONAL BANK & TRUST COMPANY is



expanding its offices and banking quarters on a busy downtown corner. The contractor put up the usual clapboard barricade. But the bank saw an opportunity to advertise. So the sign painter



BANCO ITALIANO LIMA

Capital and Reserves S/.24,847,408.69

HEAD OFFICE: LIMA

Branches

ABANCAY	CHIMBOTE	MOQUEGUA
AREQUIPA	CHINCHA ALTA	NASCA
AYACUCHO	HUACHO	PACASMAYO
AYAVIRI	HUANCAYO	PAITA
BARRANCA	HUARAL	PISCO
CAJAMARCA	HUANUCO	PIURA
CALLAO	HUARAS	PUNO
CAÑETE	ICA	SULLANA
CUZCO	JAUIJA	TACNA
CHEPEN	MIRAFLORES	TARMA
CHICLAYO	MOLLENDU	TRUJILLO

Agencies in all other places of commercial importance in Peru

Entrust us with

YOUR COLLECTIONS ON PERU



Peru's Oldest National Commercial Bank

Established in 1889

was ordered to letter, "For Your Security Buy Defense Bonds and Stamps," across the face on both sides of the corner. Holiday shoppers were impressed. Sales increased!

Payroll Plan

ROCHESTER SAVINGS BANK, Rochester, New York, demonstrates what can be done with a simple industrial savings plan for Defense Bond sales. Of 96 concerns contacted, 63 signed up and have actually started making payroll deductions. According to the plan, the employee signs the authorization card for either savings or bonds, or both. The bond form is returned to the bank, while the authorization card is held in the paymaster's office. The bank provides all the necessary forms and deposit slips. In the case of the purchase of bonds, the bank sets up a stamp album for the individual and accumulates the stamps as money from payroll deductions is deposited. When the album reaches \$18.75, the bond is purchased automatically and either delivered to the employee or held at the bank for safekeeping without charge.

Ad Strategy

THE FIRST NATIONAL BANK of Portland, Oregon, introduces a new technique in automobile loan promotion which proves to be a real stopper. This series of five-column newspaper advertisements makes effective use of three elements. At first glance, the advertisement appears to be a news item for it carries a typical two-column news story head, like: "Defending Our Nation and America's Heritage" or "Democracy's Way of Financing Defense." Text is set in news print. The reader must look twice to get the clever tie-in of the accompanying two-column illustration, which breaks "ballooned" copy into the body of the newsprint text. This element of copy is hand-lettered and tied-in with a three column head illustration at the right. It's the kind of advertisement which obliges the publisher to run a six point (paid adv't) for identification. The news story, incidentally, is not all camouflage. It is a well developed editorial with pertinent information and good common sense.

Keep 'Em Happy

THE EMPLOYEE CLUB of the NATIONAL CITY BANK OF NEW YORK has organized a military service committee. The varied activities of this group is devoted to keeping happy fellow employees now serving Uncle Sam. Last month the committee sponsored a buffet supper and card party benefit in the

officer's dining room of the City Bank Farmers Building. Other events are planned for the future.

Two Insurance Services

THE SALE of life insurance and provision of facilities for paying medical insurance premiums have been added to the services provided by one bank in New York State. The institution, THE FRANKLIN SQUARE NATIONAL BANK of Franklin Square, a Long Island community, has arranged with the National Life Insurance Company, through an agency, to furnish all kinds of life insurance. Also, an insurance advisor has

been appointed; he will make his headquarters at the bank.

Acting as remitting agent for patrons who desire it to make their premium payments for medical expense insurance offered by the Medical Expense Fund of New York, Inc., the bank charges the monthly premium to the accounts and remits the payments. The Fund is co-operating by making the group premium rate apply to applicants who name the bank as their remitting agent.

The life insurance plan was originated, the bank announced, by Arthur T. Roth, vice-president and cashier. The announcement said the institution



There's STEEL in Chicago's Broad Shoulders !

THE story of steel in Chicago begins with the construction of a small blast furnace and rolling mill in 1857. The first major job of the infant industry was producing steel rails for the westward extension of the railroads. Next, it provided metal to help mechanize the nation's steadily expanding farms.

The Chicago industrial area runs Pittsburgh a close second as the world's greatest steel-producing center. Twenty per cent of the ingot-producing capacity of the nation is located in this great industrial area.

The steel industry has meant much to Chicago. Hence this salute—to steel!

Continental Illinois
National Bank and Trust Company
OF CHICAGO

Member Federal Deposit Insurance Corporation

had felt that "many people desire information and advice on their life insurance problems and that this advice should be rendered on a service basis and not on a selling basis." No effort will be made to force sales.

End of Lethargy

RECENTLY, and for the first time, a group of stock exchange firms in Boston joined together in calling public attention to significant facts favoring the purchase of certain stocks through the medium of a cooperative advertisement in all Boston newspapers. Each firm displayed blow-ups of the advertisement in

offices and board rooms, each mailed reprinted to select lists, and each fully informed the sales force and customers' men of the merchandising slant behind the campaign. Different from any other advertising that has been done in the investment field, this promotion paved the way for more resultful sales contacts for the 18 cooperating firms than any individual past effort. It proved that concerted action of this type is profitable and practical under the right conditions.

Promote Defense

THERE'S a simple way to put another

tremendous promotion behind the sale of Defense Bonds and Stamps. Add a "plug" on your next published statement of condition. Feature the familiar "Minute Man" insignia plus a line or two of copy. Put it on the back page, on an insert or flap. The circulation of bank statements, although never counted, runs in the millions and reaches the people most likely to have more money to invest in national security.

Contest

INDUSTRIAL BANK & TRUST COMPANY of St. Louis recently renewed a successful contest idea for new checking accounts and savings deposits. "Beat a Million Before It Snows" keynoted the campaign which was set off to a brilliant start with an attention-getting newspaper advertisement which listed in alphabetical order the 320 employees of the bank. Copy asked: "Do you know anyone who should be an Industrial depositor? Do you know any of us? If your answers are yes, will you help us get together? We'll appreciate it—really!"

Corn Show

THE IOWA TRUST & SAVINGS BANK of Estherville climaxed its annual Corn Show with a party for guests and exhibitors at the City Hall auditorium. The evening's entertainment was themed "Agriculture's Part in National Defense." Local amateur movies of the Fall 4-H Club Show, an agricultural film loaned by the state AAA office, and a series of addresses by AAA and bank officers inspired local farmers to go home and do their part, and do it intelligently in the current national emergency. Cooperating with the bank, several hybrid seed firms donated half-bushel seed corn prizes to the Corn Show winners. A local merchant furnished coffee and doughnuts; community officials made the auditorium available without charge; and the bank took the opportunity to state frankly—"We solicit all the corn loans we can get. Immediate payment, no charge."

Music for All

THE bank orchestra of THE FIRST NATIONAL BANK of Chicago recently celebrated its 10th anniversary. During the decade the orchestra has given 275 concerts, with an aggregate attendance estimated at more than a quarter of a million people.

During its career it has played for churches, hospitals, schools and various organizations. It has never accepted a fee or other compensation for its performances.

BANKING



A wholesome spirit of cooperation must be maintained among all our citizens. America's Defense efforts prove this point every day. . . . With food a principal factor in this emergency, every farmer in our country should be equipped with the necessary machinery to increase production as needed. . . . Who can best cooperate to bring this about? It is the Banker and the Minneapolis-Moline Dealer. They can come to the "credit" aid of the deserving farmer as they have in the past. Without tools he cannot keep production to normal, let alone hoist it to the high level expected in the present emergency.

MM Tractors and Machines — in our opinion the World's Most Modern Line — will enable the farmer to dispense with more hands, yet accomplish more and do it at a lower figure. Banker, MM Dealer and Farmer are cooperating for the good of all by keeping machines in good repair and getting new ones where essential. More than this, they are increasing their own prosperity and that of their entire community.

BRANCHES NEAR EVERYWHERE

Invest in Defense Bonds and Stamps
"Keep 'em Flying!"



★ ★ MINNEAPOLIS - MOLINE ★ ★
POWER IMPLEMENT COMPANY

North of the Border

CANADIANS are now devoting 40 per cent of their national income to the prosecution of the war as compared with 1.4 per cent prior to 1939.

The Dominion may well have arrived at "relatively full employment." (The official government employment index rose from 119.6 to 162.7 during the first two years of warfare.) Since September 1939 manufacturing industries alone have employed an additional 345,000 persons—about 3 per cent of the total population of the country. During the same period, the physical volume of business—an official index reflecting conditions in mining, manufacturing, construction, electric power, and in the distribution of goods—climbed from 109.9 to 149.7. In general terms this means that industrial activity has been stepped up about 35 per cent since pre-war days.

FORMERLY, Canada had to import practically all of the small quantity of war equipment actually required. Today she can outfit an infantry division in six weeks and is able to export equipment as well as supplies to every battlefield in the world.

Expanded purchasing power has accompanied rising industrial output despite the imposition of very heavy income and "luxury" taxes. Both wholesale and retail sales in 1941 were well ahead of those in 1939 even though the cost of living jumped up more than 15 per cent. (Over 50 per cent of this rise was due to higher food costs.) The Government has now clamped down on further increases by imposing a "ceiling" on all wages and prices (including rents and services). This order became effective on December 1 and is a genuine attempt to short-circuit all inflationary tendencies before it is too late. While the wage regulation prohibits further increases in the standard rate, it compels all employers to pay a "cost-of-living" bonus revised periodically, and based on the official cost-of-living index. However, instalment buying has now been restricted to discourage the purchase of non-essentials. A wide range of household and personal articles is covered, including furniture, automobiles, radios and clothing. Terms of financing must be confined to twelve months and a down payment of one-third of the cash price (minimum \$10) is required; in the case of automobiles the latter must be half the purchase price and the terms

may extend over a period of 18 months.

Personal loans made by all lending institutions to finance the purchase of the above listed articles are restricted also, so that no evasion of the order is possible. Retail stores extending credit on a monthly basis must decline to accommodate their customers further unless all purchases are paid for in full within ten days after the due date of the account rendered.

Production of certain durable goods

such as radios, refrigerators, stoves, etc. has been cut down by government order. The sale of new automobile tires has been regulated and gasoline rationing is to go into effect on April 1. Essential raw materials and skilled labor must be conserved for war industries and civilians induced to divert a larger proportion of their income to the purchase of war savings certificates and war loan bonds.

A CANADIAN CORRESPONDENT.



is engaged primarily in facilitating wholesale distribution and retail sales of consumer goods manufactured by GENERAL MOTORS CORPORATION and its affiliates or sold by dealers in its products, such as automobiles and trucks; refrigeration and air conditioning appliances; lighting, power and heating equipment.

The business consists of investments in self-

liquidating credits, which are widely diversified as to region and enterprise, capital employed being in excess of eighty million dollars.

In obtaining short term accommodation, GMAC issues one stan-

dard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.



These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK BRANCHES IN PRINCIPAL CITIES

CHICAGO

NEW YORK

SAN FRANCISCO

NATIONAL QUOTATION BUREAU INCORPORATED

Organized in 1913, the National Quotation Bureau, Inc., regularly reports and records over-the-counter market quotations of bonds and stocks for valuation, tax appraisal and other purposes.

YOU ARE CORDIALLY INVITED TO VISIT OUR
EDUCATIONAL DISPLAY AT THE

MID-WINTER TRUST CONFERENCE
WALDORF-ASTORIA HOTEL

Heard Along MAIN STREET

This material is compiled for BANKING by Albert Journeay, who is in charge of the Purse Company's Chicago Office.

A BANKER is executive officer of the San Francisco Civilian Defense Council. JOSEPH A. MURPHY, in normal times vice-president of the

American Trust Company, was drafted for this important municipal post several weeks before the United States entered the war. A good organizer, widely known in San Francisco, he worked to such good advantage in his new job that the arrival of a real emergency found the city prepared, able to stage a most effective blackout.

Mr. MURPHY has had extensive experience in handling people. Since the

fire of 1906, when he served San Francisco well, he has been close to law-enforcement agencies, having helped to organize the Bay Counties Peace Officers Association, a pioneer of its kind in the nation. In 1924 he was instrumental in a campaign of education against communism. At one time he was secretary to Chief of Police White of San Francisco.

A banker for the past 20 years, Mr. MURPHY has been in charge of the

159 BANKS

159 banks have been correspondents of Central Hanover for more than 50 years.

Such relationships must be satisfactory, or they would not have endured for over half a century.

CENTRAL
HANOVER BANK
AND TRUST COMPANY
NEW YORK



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



American Trust Company's Mission Savings Branch, and is now on leave of absence. He is a graduate of St. Ignatius College, now the University of San Francisco.

★

ROBERT W. SPARKS, vice-president of the Bowery Savings Bank, New York, has been made director of the field service of the Defense Savings Staff. He has been associate director of the field service and now succeeds Gale F. Johnston, who has resigned to re-enter private business. Mr. Johnston will continue to serve the Treasury as consultant.

Mr. SPARKS, a banker for 15 years, is a veteran of the first world war. Enlisting in the Army as a private in 1917, he served overseas in the field artillery, obtaining a lieutenant's commission.

Educated at Columbia and Harvard universities, Mr. SPARKS is also an alumnus of The Graduate School of Banking.

For several months Mr. SPARKS has been immediately associated in the field organization working throughout the country. He therefore takes up his duties as director of the field service with a thorough knowledge of the work.

(CONTINUED ON PAGE 56)



Protection that carries **WEIGHT**

Combine picked men, intensively trained, with the speed and striking power of modern war machines and you have protection you can count on.

There is solid weight to F&D protection, too. During the past 51 years, the F&D has withstood the shocks of financial panics, economic crises, crime waves, wars and business depressions—has never failed to meet its obligations promptly and fully.

49 expertly staffed field offices and 9500 local agents assure F&D clients in all parts of the country swift, efficient action when coverages are desired or losses occur.

FIDELITY, SURETY AND BANKERS BLANKET BONDS
BURGLARY, ROBBERY AND FORGERY INSURANCE

FIDELITY and DEPOSIT
COMPANY OF MARYLAND, BALTIMORE



MAIN STREET—Continued

HERBERT T. MAGRUDER, assistant vice-president, Central Hanover Bank & Trust Company, New York, has been elected president of his bank's newly organized quarter-century club for employees, officers and trustees. Mr. MAGRUDER has completed 39 years with the bank.

WILLIAM S. GRAY, Jr., president of the bank, at a dinner at Hotel Roosevelt presented each of the 151 active members of the club with a \$100 Defense Savings Bond as a "diploma." The number eligible for membership in the

club is 188, of which 24 have records of more than 40 years' service.

HENRY R. CARSE, who joined Hanover National Bank 55 years ago, has the longest record of continuous service. WALTER G. NELSON, assistant vice-president, with 49 years of service, holds the record among members now employed by the bank.

Of the retired members of the staff who are honorary members of the club, GEORGE H. STONE, of Bronxville, joined the staff of Continental Bank in 1876, giving him a connection dating back four years earlier than that of his closest competitor, HENRY M. POPHAM, who

retired in 1930 as vice-president of the Plaza office after 50 years with the bank.

★

FRED I. KENT, director of the Bankers Trust Company, New York, chairman of the Commerce and Marine Commission of the American Bankers Association, who was the first national president of the American Institute of Banking, has been elected president of the Council of New York University, the governing body of the institution, for the tenth consecutive year.

Dr. KENT assumed his post in 1931, succeeding the late Dr. George Alexander.

Dr. KENT also is treasurer of the National Industrial Conference Board. During World War I he was President Wilson's foreign exchange expert.

★

JAMES S. NEELY, vice-president, City National Bank & Trust Company, Kansas City, Missouri, is one of the nation's leading baseball enthusiasts. He is described in the *Kansas City Star* as a 33rd degree fan.

Out of his interest in the national pastime has grown the famous baseball party sponsored annually by the City National. This event started with a few banker friends joining Mr. NEELY at the Blue's opening game. The number has increased each year and last year more than 250 of the bank's correspondents and friends were its guests at the game.

★



The staff of the San Jose Branch of The Anglo California National Bank has just had the exciting experience of unsealing a cornerstone.



ALERT

FULTON CORRESPONDENT SERVICE

FULTON NATIONAL

ATLANTA *Bank* GEORGIA



Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(Member Federal Deposit Insurance Corporation)

In the razing of the bank's old building, preparatory to the erection of a modern banking house, the cornerstone yielded a heavy lead box. It contained more than 30 time-aged documents and books, pictures, and other relics of the Civil War period during which the old building was erected. Due to the coincidence of both the old and the new buildings being started in war times the material in the old newspapers was most interesting. One article recited Jeff Davis' demands in consideration of peace, which were far reaching indeed. Another indicated that even in those days they had pacifists and appeasers.

be a banker and as a messenger's job was the only opening he promptly took it. In his long career he has done practically everything in a bank and has held positions of cashier and vice-president of banks in Steubenville.

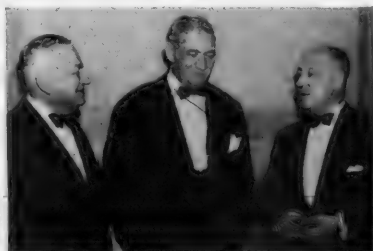
To look at him today one would never guess his age. Except for his vacations, during which he tours various sections of the country, (last Summer he covered 9,000 miles) Mr. PATTERSON can be found daily at the bank expertly performing his duties.

headlines stating that FRANK E. McKINNEY and Ownie Bush had jointly purchased the Indianapolis baseball team of the American Association.

Mr. McKINNEY is president of the Fidelity Trust Company of Indianapolis and a dyed-in-the-wool fan. This will not be his first venture into big time baseball. For two years he was a part owner of the Louisville franchise.

His interest in baseball started in his school days and even then was on the managerial side. For several years he managed a team in the city's amateur baseball league and more than once his team captured the championship.

INDIANAPOLIS papers recently carried



The Franklin Institute of Philadelphia presented the Vermilye Medal for outstanding contributions in the field of industrial management to OPM Co-director William Knudsen at a dinner in Franklin Hall. The medal is donated by William M. Vermilye, vice-president, The National City Bank of New York. Above, left to right, Mr. Vermilye, Mr. Knudsen and Philip Staples, president of Franklin Institute, who made the award



James G. Blaine, president of The Marine Midland Trust Company of New York City, right, who is national chairman of the United China Relief campaign, receiving check representing some of the money-raising activities of the movie stars, directors and technicians of Hollywood from movie star Anna May Wong, formerly of China

ROBERT P. PATTERSON, age 86 and a member of the staff of the National Exchange Bank & Trust Company of Steubenville, Ohio, is the most popular member of that city's banking fraternity. Pat, as he is affectionately called by all, started his banking career as a messenger boy when he was 38 years old. His life up to then had been spent on a farm but he had made up his mind to

THE RIGHT TO FEEL SECURE



Today with freedom in jeopardy, a united America faces the task ahead with a grim determination to preserve our nation's *right to feel secure*. In carrying on the common effort, every person, every concern, has a part to play. Our part in preserving the *right to feel secure* is in protecting property values through Home-Town Agents in every community in America.

STRENGTH • PERMANENCE • STABILITY



Fire • Automobile • Marine • Casualty • Fidelity • Surety
FIREMAN'S FUND GROUP
FIREMAN'S FUND INSURANCE COMPANY

HOME FIRE & MARINE Insurance Company

FIREMAN'S FUND Indemnity Company

OCCIDENTAL Insurance Company

OCCIDENTAL Indemnity Company

New York • Chicago • Los Angeles • Boston • Atlanta

DEPENDABLE INSURANCE SINCE 1863

THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

Service—Maintaining an intimate, personalized correspondent bank service.

Experience—Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

Policy—To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

Resources over  \$175,000,000

ESTABLISHED 1908

MEMBER
NEW YORK CLEARING HOUSE ASSOCIATION
FEDERAL DEPOSIT INSURANCE CORPORATION

DIVIDEND ARMOUR AND COMPANY (ILLINOIS)

On November 27 a dividend of \$1.50 per share on the issued and outstanding \$6.00 Cumulative Convertible Prior Preferred shares of the above corporation was declared by the Board of Directors, payable on January 1, 1942 to shareholders of record on the books of the Company at the close of business on December 10, 1941.

E. L. LALUMIER, Secretary

DIVIDEND ARMOUR AND COMPANY OF DELAWARE

On November 27 a quarterly dividend of one and three-fourths per cent (1¾%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable January 1, 1942 to stockholders of record on the books of the Company at the close of business December 10, 1941.

E. L. LALUMIER, Secretary

The 1942 Market for Bank Services

WHAT are the possibilities in the sale of banking service in 1942?

Obviously, members of lower income groups now earning more than in a long time, will be torn between two desires: one group, having learned its lesson from the last depression, will want to set aside in savings accounts or Defense Bonds or both, a cushion for a possible next depression; the other may be infected with the "silk shirt" disease of the last war and will go on a spending spree with very little to put in savings accounts. Will extension of Social Security minimize the degree to which all classes will live on savings (if any), as in the last depression?

COMMERCIAL loans should continue to expand as manufacturers, although harassed by shortages, priorities, and allocations, find their markets broadened for the manufacture of price rather than quality merchandise insofar as they are able to obtain the materials from which to manufacture the staple articles of essential use to the civilian population. However, interest rates on commercial loans and investments will probably show no important improvement.

Real estate loans, long the highest-yield and principal "bread and butter" contributors to income in many banks, will be seriously affected by the latest restrictions on construction financing. On the other hand, bank holdings in other real estate should be enhanced and move more readily in the face of a threatened shortage of new housing.

The market for checking accounts ought to be capable of great expansion as the workers, with increased salaries, will feel able to afford the convenience of low-cost checking accounts from whose service charges banks today derive considerable income.

SERVICE charge income, however, on analysis accounts may be reduced as individuals and corporations with larger cash reserves increase their balances to offset service charges. This increases the bank problem of deposits on which FDIC assessments and state taxes must be paid. The purchase of government Tax Anticipation Notes, if recommended to large depositors, may help this situation somewhat.

The field for personal loans, restricted on the one hand by government regulation and shortages of consumer goods, may see an expansion as a result of

borrowing made necessary to meet greatly increased taxes and living costs, and for maintenance of residential and business property and equipment that will be hard to replace if it wears out.

Since the "rich are getting poorer and the poor are getting richer," trust companies are studying more and more, the composite trust idea whereby trust companies will be enabled to handle smaller trusts at a profit.

I. I. SPERLING
Assistant vice-president
Cleveland Trust Company



Fidelity & Surety Bonds

Blanket Bonds

Burglary & Forgery

Insurance



**NATIONAL SURETY
CORPORATION**

VINCENT CULLEN
President

How Canada Finances Victory

(CONTINUED FROM PAGE 28)

For all this work the banks' compensation is about one-eighth of the charge made by the Board, approximately 1 per cent, which represents the difference between the buying and selling rates. An assured commission of one-eighth is certainly attractive on large exchange transactions, which under normal conditions were subject to such sharp competition as to depress the rates to 1/32, a 64th, or even 1/128th. But for every banking office where these large transactions were customary and who stood to gain by a fixed rate of one-eighth, there were dozens of others where this commission was below that of pre-war times for the small items which came their way. Although the lack of data prevents any close comparison of present exchange earnings with those prior to September 1939, it is fairly clear that the decline in small branch exchange earnings is not more than offset by the increase in those of the largest offices, particularly if the cost of preparing the forms of the Foreign Exchange Control Board, say, 50 cents per set, is taken into account. Over 100,000 of these forms have had to be prepared during the past year. Moreover, considerable additional bank bookkeeping has been necessary.

THE first war financing of the Dominion Government was through the banks in October 1939, when these institutions purchased short-term notes of the Government amounting to \$200,000,000. Liquidation of these notes was effected a few months later when the first public War Loan of \$250,000,000 was floated.

It is doubtful if this issue or succeeding war loans could have been marketed over a wide area without the aid of the banks. In Canada, as in the United States, a cheap money policy and consequent pressing down of interest rates created an "institutional" government bond market and greatly curtailed the field of small investments. Under war conditions these people had to be drawn back to the investment market, for their savings were required for conversion into War Loan issues, and no agencies were better qualified for this essential service than banks with branches throughout the country.

In the three War Loan campaigns undertaken in the past two years all branch banks, about 3,400, stretching from the Atlantic to the Pacific and from northern frontier posts to the American boundary, were authorized to accept Loan subscriptions. Indeed, they actively solicited subscriptions, going so far in the Victory Loan campaign of June 1941 (when total cash subscriptions were about \$730,000,000 in addition to conversions of \$106,000,000 to retire some pre-war outstanding bonds) as to urge by letter all savings depositors with balances of \$300 and over to convert at least part of these funds into the Government's issue. In this campaign over 20,000 authorized canvassers called on practically every household and, with the banks and employers, obtained more than 950,000 individual subscriptions, all of which were routed through the banks. These institutions made loans to individuals, firms and corporations to enable

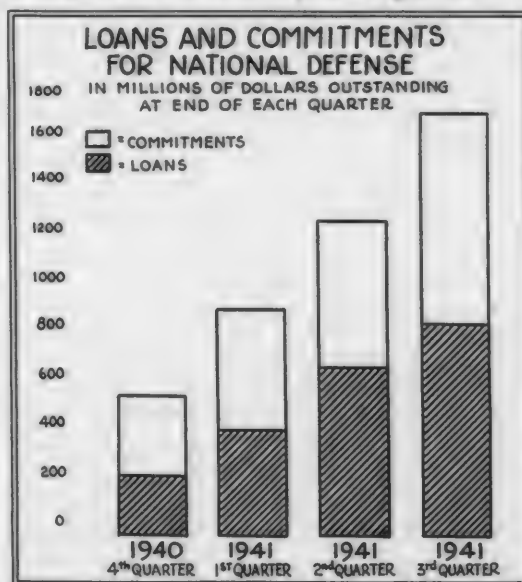
them to participate, or to make possible larger subscriptions than immediate cash resources would permit. For their services, which were the most extensive and the best organized available for a great and well planned and directed campaign, the banks received a commission of 1/4 of 1 per cent, in addition to the interest on their loans for subscriptions.

It should be noted that each Government War Loan causes a marked shift in bank deposits. War Loan subscriptions taken up with public savings are mainly those of thrifty people, many well on in years and resident in rural districts where there is little, if any, war work. As these funds are disbursed by the Government, however, the greater part naturally find their way to the centres of war work, mainly the major industrial areas, and a large proportion goes to young wage-earners who, as a class, have not the thrifty habits of the older generation. This shift leads to a lower earning capacity, at least temporarily, of rural banking offices and to greater profits of those in the large centres. There is of course a corresponding shift in the banks' work—some decline in the country areas, but an increase in the cities and other districts where armament production is concentrated.

The work as a whole, however, (taking into account the operation of exchange control, the handling of War Loan subscriptions and an increase in general economic activity) has increased by fully one-third, without anything like a proportionate rise in earnings, and it has been assumed by a banking staff which includes thousands of new clerks, mostly women, recruited to take the places of men (about 20 per cent of the banks' total staff) who are serving in Canada's armed forces.

AMERICAN DEFENSE LOANS

The chart below is based on figures obtained in the American Bankers Association survey of 500 large banks



Pennywise Advertising

(CONTINUED FROM PAGE 27)

"The immediate result," said Harry M. Wotten, in *Printers' Ink Monthly*, "was that its chief product—Camel Cigarettes—experienced the sharpest and most drastic decline in its history, losing nearly 10 billion cigarettes or 30 per cent of its volume of the previous year."

A coffee company invested \$385,000 in advertising over a period of 20 months. Then it stopped. Sales increased almost immediately after the advertising started and continued to increase. But within the second year after advertising was stopped, sales, which had reached an all-time high, began to decline. Within 10 years they had dropped from a peak of 50 million units to a volume less than 23 million units.

A company in the building field bought out all its competitors. It decided to stop advertising since there were no competing products for prospects to buy. Within two years its sales dropped from the index figure 90 to the figure 30, although sales for the industry that it supplied had dropped less than 9 per cent. Once it stopped advertising its prospects, even though no directly competitive products were available, turned to other types of products to fill their needs.

These are three spectacular examples, and each shows how easy it is to lose that goodwill which will be so essential to every company when abnormal market conditions are over.

LET'S look now at the other side of the picture, the positive side. What does continued advertising do for a concern in wartime in the retrospect of 25 years? We made a study of the first World War issues of *Printers' Ink*. They revealed that the advertisers cited then as believers in the philosophy of keeping up their advertising in a sellers' market almost all still retain, after a quarter of a century, an outstanding position in American industry today. Here is a list of some of the companies in 1917 and 1918 which told our reporters then why they had decided to continue to advertise in spite of adverse conditions:

Western Clock, Beaverboard, Remington Arms, Cracker Jack, Western Candy, Winchester Arms, Phoenix Hosiery, Autocar, Robbins & Meyer, Simmons, Disston, Sunkist, Hoover, Du Pont, Carnegie Steel, Shredded Wheat, Hercules Powder, Old Town Canoe, Continental Motors, Durham



From the largest to the smallest, banks were quick to recognize, in their advertising, the new war problems. This advertisement is part of one published soon after December 7 by the Chase National Bank of New York

Duplex, Whitman Candy, Kellogg Switchboard & Supply, American Safety Razor, Eastman Kodak, Regal Shoe, Wm. Demuth, Seth Thomas, Cornell Wood Products, Corona Typewriter, Gillette, Rubberset, American Rolling Mill.

Each made a statement then very much like this one made by the president of Western Clock Company as to why he continued to advertise when oversold: "You would not think of dropping your insurance policy just because you feel fine today. Nor should a national advertiser think of dropping out of publication just because he is a few months, or a year, behind filling orders. The money spent in Westclox advertising today is an insurance on the Westclox production of the future. The few pennies that we spend on clocks for advertising sales work seems small indeed when looked at from this point of view."

A judge in England, quoted by the London Times a few months ago, pointed out that if the goodwill and trademark of one concern, maintained by a good product well advertised was a tangible asset to that concern, then certainly the sum total of all the trademarks of Great Britain was a tangible, national asset both for now and for post war trade. This well publicized statement may be one reason why many British concerns are continuing now to advertise when their American "doubles" have entirely cancelled.

Let's apply Lord Leverhulme's statement, "The best investment for surplus profits is to expend them on judicious advertising, wisely and carefully planned and executed with originality and forcefulness."

Let's apply that advice to products such as lastex, fiber glass, lucite plastic and other plastics, neoprene synthetic rubber, nylon and synthetic fibers, glass structural materials. Here are new products, all of which have received years of careful, painstaking research in laboratories by experts. The potential uses of some of these products are just beginning to be seen. The research did nothing in itself to tell the public about these uses. In the shortest possible time advertising was building a large market among consumers for some of these products, others it was just starting to. Then the Government takes most of the products of these companies for defense. Should this building of a future market be stopped merely because for six months, a year or two or three years, the whole production of a plant is going into defense use?

MANY companies are using Lord Leverhulme's advice today in interesting ways. Many are describing what part they are playing in the defense program. Others are telling the basic facts of our economic system and the intricate relations of its various parts. Many manufacturers are telling consumers how to save their products, using them better. Some, such as those I have mentioned above, are telling what the new products will do after the war is over and continually reminding the public that such products will be made available for them. Think of the battle there will be for the various products if the war should end more suddenly than we think. Glass against fabric, rubber against substitutes, aluminum against plastics—the list could be multiplied.

Under these circumstances the board of directors which today authorizes an advertising campaign, even though the concern is fully occupied with defense work or is short of raw materials, is simply using good common sense which has built valuable trademarks over the years.

Sound management which continues to invest money in advertising is definitely building for the future, is buying an insurance policy for the benefit of its workers and its stockholders.

Today's Consumer Credit Hazards

KENNETH R. WELLS

Mr. Wells is manager, industrial division, American National Bank and Trust Company of Chicago.

IF you are making direct consumer loans or indirectly financing the consumer through loans to finance companies or dealers, you are familiar with the ordinary hazards of instalment financing. Today we have new hazards which are not so readily apparent, such as increased income taxes, Regulation W, and the competitive situation arising from the great multiplicity of lenders. These new hazards may affect instalment business more than the war or inflation.

First, let us look at income taxes. In 1942 the average individual for the first time will be paying income taxes in amounts that are substantial when compared to his weekly or monthly income. Income taxes fall due in March, June, September and December and the individual will pay them; but any monthly instalment accounts may suffer, with a resultant increase in delinquencies in those months. With the near certainty of increased taxes in 1943, the borrower will have no opportunity to catch up on his delinquent payments so that a past due condition would continue and result in greater collection cost. We may have a depression in certain income groups in the midst of the great business activity resulting from defense work.

REGULATION W places all financing agencies on an even basis so that there is no competition as to terms; and through the restrictions on the number of instalments, it will result in decreased outstandings on the part of the lenders. Regulation W is also going to reduce greatly the dollar charge a financing institution receives for handling a transaction. For instance, prior to Regulation W, a very high percentage of all automobile paper was on 24-month terms and FHA paper was payable in 36 instalments. Now individual transactions are limited to 18 months and there is a possibility of even shorter terms, the result being lower dollar charges.

Lending institutions have been setting aside a percentage of their charges for losses and handling expense and the balance was the profit. Expenses are increasing and finance companies and consumer credit departments of banks are

confronted with higher operating costs at a time when their income will be reduced. By income, think of gross total income rather than yield in terms of percentage because a high yield in itself does not provide for credit losses, taxes, expenses and profits, if the dollar charge is insufficient.

MORE lenders are in the instalment field today than ever before and they are spending more money on advertising and sales promotion efforts. By contrast, during the last depression there were relatively few lenders, and those were in a better position to control individuals in their borrowing habits than is possible today. In many cases, several lending institutions have loans to the same individual. Each institution, knowing that its own loan was small, made the loan, whereas no one institution would have loaned the individual the total amount he was obligating himself to pay. With competition increasing for the available business, there will be more inclination to make loans of this type than ever before.

Many institutions have had a very profitable record and have expanded very rapidly. Can they contract their organization if volume of business is greatly reduced? They must learn to operate profitably on a steadily decreasing

Look Ahead

Banks that have entered the instalment field purely from the standpoint of immediate financial return should revise their thinking and look at their consumer credit department from the standpoint of service to their community. It is important for banks to think of these things now so that management will not become panicky when conditions are changed. Management must recognize the hazards of the instalment financing business and look ahead now to a period of restricted volume, increased costs and reduced profits. In this way it will be prepared for unfavorable situations when they develop and the lending institutions will emerge from the next depression with a high regard for the fundamental soundness of consumer credit.

SPECIALIZED SERVICE

For 53 years we have been specializing in the work of creating and manufacturing Coupon Book Methods.

The officers and personnel of the Company are experienced with the problems of Personal Loan and Financing Collections and can render a most helpful and efficient service in copy arrangement as well as the manufacturing of Coupon Books.

We invite you to write us on all your Coupon Book problems. Our prices, suggestions and recommendations will be cheerfully given without cost or obligation.

ALLISON
COUPON
COMPANY
INDIANAPOLIS, INDIANA

Service Charges

SUCCESSFUL RESULTS IN A THOUSAND BANKS

A KENNEDY SINCLAIRE PROGRAM for MEASURED SERVICE CHARGE REVISIONS will help you solve the problems of greater costs created by the defense program.

Our program absorbs other increased costs, enhances good will, and brings in new revenue.

WRITE FOR COMPLETE INFORMATION

Kennedy Sinclair, Inc.
140 Cedar Street
New York

NEW BUSINESS FOR BANKS

DANGER AHEAD In Automobile Financing

Many conservative bankers are now protecting depositors' funds invested in automobile paper against such hazards as **double loans, wrong serial and motor numbers, fictitious deals, frauds, etc.**, by registering the collateral back of each note with Galloway Service, a recognized clearing house serving the territory between the Rocky Mountains and the Atlantic Seaboard.

Today—Galloway Registration Service is a **must** when a banker finances motor vehicles.

Put your house in order now and avoid losses later.

WRITE FOR COMPLETE INFORMATION

GALLOWAY SERVICE

Established 1926

53 W. Jackson Blvd. Chicago, Ill.

volume with a lower dollar charge per individual transaction. It is going to be a test of management in the next year or two and those institutions that can "get small" again will come through, but others will find it difficult to survive.

Many financing institutions are staffed with people who have had no business experience in a depression, or if they have had such experience, it was not in connection with instalment paper. In most cases banks started their consumer credit departments within the last five years and during the rising period of the business cycle have had very favorable experience. These banks are in an exposed position if their volume of business is reduced and their past due accounts increase. They must be prepared to have a large number of delinquent accounts during a period of depression and only through their willingness to recognize this probable condition will they do their part to justify banks being in the loan business to the individual.

The Community Trust

(CONTINUED FROM PAGE 23)

trate their broad character, we again quote from the Buffalo Foundation:

(1) The governing committee shall, in each calendar year, appropriate the entire net income . . . for the following uses and purposes among others:

(a) For assisting public educational, charitable, or benevolent institutions, whether supported wholly, or in part by private donations, or by public taxation, and investigating the conduct, scope, and operation of same;

(b) For promoting scientific research for the advancement of human knowledge, and the alleviation of human suffering, or the suffering of animals;

(c) For the care of the sick, aged and helpless;

(d) For the care of needy men, women and children;

(e) For aiding in the reformation of

(1) Victims of narcotics, drugs and intoxicating liquors,

(2) Released inmates of penal and reformatory institutions, and

(3) Wayward and delinquent persons.

(f) For providing facilities for public recreation;

(g) For the improvement of living and working conditions;

(h) For the encouragement of social and domestic hygiene;

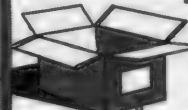
(i) For the encouragement of sanitation and measures for the prevention of disease;

(j) For investigating and promoting the investigation of, or research into the causes of ignorance, poverty and vice, preventing the operation of such causes, and remedying or ameliorating the conditions resulting therefrom.

A wide scope of activity and broad humanitarian purposes are necessary if community trusts fulfill their missions.



Just been bawled out. Her boss lost a law suit because he couldn't produce a vital record in court.



and poor girl—it wasn't her fault. If the boss had known about Liberty Storage Boxes and acted such a thing would never have happened.

Today it is vitally necessary to store permanently practically all business records. You'll like Liberty Boxes for storing letters, checks, time cards, in fact, practically every office record, because they're GOOD and STRONG and ECONOMICAL.

FREE Sample

Pin this ad to your letterhead and mail it today—we'll send you a FREE Sample of any one of our 23 standard stock sizes.



Manufactured by the Leader in the field of record storage specialists:

BANKERS BOX COMPANY
536 South Clark St. Chicago, Ill.



It's as easy as this!

At New York's Grand Central Terminal just toss your bag to a porter and say "Hotel Roosevelt" . . . He'll escort you through our private passageway, direct to the Roosevelt lobby . . . Time-saving convenience and complete comfort . . . Satisfying meals . . . Attractive rooms with bath from \$4.50.

HOTEL ROOSEVELT

BERNARD G. HINES, Managing Director
MADISON AVENUE AT 45th ST., NEW YORK

Booklets at Your Service

SELECTED FOR THEIR INTEREST TO YOU

We'll be glad to see that you get a copy of any or all of these booklets, free of charge or obligation. Each one has been carefully selected for its special value to bankers and business executives. Simply mail your request on bank or company letterhead to Dept. BB-7, American Bankers Association, 22 East 40th Street, New York, N. Y.

SAVES 25% IN FUEL COSTS

Many banks have cut heating and cooling costs, increased usable floor space, reduced dust damage and safeguarded employee health by installing modern revolving doors at entrance ways to their institutions. Here is a color-illustrated booklet describing the newest in revolving doors which have reinforced "all-glass" construction and test-proven electric eye control.

SECURING PERSONAL LOANS

This comprehensive, 20-page brochure is especially designed for officers of banks now making, or contemplating making, personal loans. It presents in a clear, careful and factual manner the advantages of insurance on the life of the debtor in favor of the creditor, the ways in which credit life insurance works, and various plans on this type of coverage that bankers have found exceptionally satisfactory.

WHAT TO DO BEFORE AND AFTER A FIRE

This little (3" by 2") 8-page booklet tells four things you should do to protect your home against fire loss, and three steps to take in case fire strikes.

Another booklet (same size) entitled, "The Fox Was Hung" presents pertinent information on fur coat insurance.

A third little booklet is called, "The Midnight Mystery." We won't give the mystery away, but when you solve it you may discover an idea worth passing along to your industrial customers.

Your inquiry will bring all three booklets.

Booklets Still At Your Service

THE BANK OF THE FUTURE

In the "world of tomorrow" no cages or bars will waste space on the banking floor. Tellers, at conveniently located desks and stands, will receive cash sped from lower floors via modern pneumatic tube systems which will also make the bookkeeping department instantly available. This 16-page illustrated booklet tells how pneumatic tubes speed

banking and industrial operations—how they could cut costs for your bank and provide greater safety in transmitting cash, securities and documents.

FIRE PROTECTION FOR ESSENTIAL RECORDS

Here are two valuable 6-page folders issued by a group whose main interest is in the better protection of essential business records against fire hazards. One folder tells you how to classify your business records according to their "after-a-fire" value. The other folder tells you how to make a survey of the extent to which your essential records are adequately protected against fire. Your inquiry will bring both folders.

AN A B C OF BUSINESS MACHINES

Seventeen business machines are illustrated in this compact 24-page booklet and their many uses briefly described. The booklet outlines the ways these machines tackle difficult jobs, cut costs and speed operations. Among the equipment cited are a printing calculator, a vertical adder, five different types of bookkeeping machines and a half-dozen multi-purpose adding machines.

NEW FINGER MOISTENER

An ingenious finger moistener has been developed that gives finger tips just the right amount of moisture for counting bills and leafing through records. Its spun glass wick is always on the job, never gets messy, and the moistener can easily be kept clean and serviceable. Write for the descriptive folder published by the manufacturer—it will give you the complete story.

QUICK-ON, QUICK-OFF FARM MACHINES

Country bankers will find this complete 24-page catalogue, published by a leading manufacturer of farm machinery, useful in measuring the requirements of their customers. It presents the latest innovations of precision-built, economically-run tractors, plus an array of implements that can be attached quickly to serve every farm purpose.



To the non-technical buyer, one make of Fluorescent equipment may look so much like the others that he can only guess which is the RIGHT one to choose. As a result, many an inferior fixture has been selected just because it "cost a little less."

But gradually, as utilities and architects spread the facts, more and more business men realized that the real bargain in Fluorescent lighting is the BEST ENGINEERED JOB. That is why so many leading firms are now insisting on LINOLITE—the equipment that is *Engineered for Performance and Guaranteed for Satisfaction* by FRINK, pioneers in Fluorescent lighting and leading manufacturers of lighting equipment since 1857.

Mail the coupon below for our new brochure of Frink installations and valuable Fluorescent engineering data. It shows why it pays to

**"DO IT RIGHT WITH
LINOLITE"**



THE FRINK CORP.

Bridge Plaza South,
Long Island City, N. Y.

Please send me your new brochure on "The Ultimate in Fluorescent Lighting."

NAME

ADDRESS

CITY



"That entry proves the point . . ."

In these days of increasing inspection of records, any one of the entries made today may be mighty important a year — or twenty or fifty years — from now! You can't guess which one it may be. Keep all your records on paper that will stand up under today's tough usage . . . and time! Well-known business men, bankers, and accountants all over the country make sure of that by specifying L. L. Brown record papers for all records.

L. L. Brown record papers are outstanding in their uniformity and durability. Every one of them has a perfect surface for any kind of writing, for erasure, and re-writing. These qualities have been part of these fine papers for nearly a hundred years! And yet, the cost is no more than for papers of similar rag percentage — a fraction more than for obviously cheap papers. Ask your printer to supply your next record forms and books on these fine papers.

... for your correspondence!

The crisp, authoritative crackle of an L. L. Brown bond tells your client or customer at once that you thoroughly value your contact with him! Let your printer show you your letterhead on these fine letter papers.



FREE! . . . This newest L. L. Brown booklet (reading time about 8 minutes) shows you how to get superior records, more impressive stationery at microscopic . . . if any . . . extra cost. Write today—please ask for booklet B, "MUCH for a mite."

L. L. BROWN PAPER COMPANY

Established in 1849

Adams, Massachusetts

**Papers for Dependable Records,
Impressive Correspondence**

BANKING'S Advertisers January 1942

Allen Wales Adding Machine Corp.	Cover IV
Allison Coupon Co.	61
American Appraisal Company	13
American Telephone & Telegraph Company	49
Armour & Company	58
Banco Italiano Lima (Peru)	50
Bank of Montreal	16
Bankers Box Company	62
BANKING	88
L. L. Brown Paper Co.	64
Burroughs Adding Machine Company	44
Central Hanover Bank and Trust Company, New York	54
Chase National Bank of the City of New York	18
City National Bank and Trust Company of Chicago	56
Commerce Clearing House, Inc.	11
Commercial Investment Trust, Inc.	13
Continental Illinois National Bank and Trust Co. of Chicago	51
Credit Life Insurance Co.	6
DeLuxe Check Printers, Inc.	5
C. J. Devine & Co.	3
Douglas-Fir Plywood Association	66
Ferguson-Sherman Mfg. Co.	9
Fidelity and Deposit Company of Maryland	53
Fireman's Fund Group	57
First National Bank of Chicago	46
Frink Corp.	63
Fulton National Bank, Atlanta, Ga.	56
Galloway Service	62
General Motors Acceptance Corp.	53
Home Insurance Company	2
Hotel Roosevelt, New York City	62
International Business Machines Corporation	15
George LaMonte & Son	40
Lawrence Warehouse Company	4
Marine Trust Co. of Buffalo	7
Mercantile-Commerce Bank and Trust Company, St. Louis	47
Minneapolis-Moline Power Implement Co.	52
National Bank of Detroit	5
National Quotation Bureau, Inc.	53
National Surety Corporation	58
New York Trust Company	13
Pacific Mutual Life Ins. Co.	12
Parsons Paper Company	45
Philadelphia National Bank	14
Public National Bank and Trust Co. of N. Y.	58
R. G. Rankin & Co.	3
Recordak Corporation	39
Royal Bank of Canada	6
Kennedy Sinclair, Inc.	62
The Todd Company, Inc.	Cover II
United States Treasury	87
Waldorf-Astoria Hotel	Cover III

BANKING

★ ORGANIZATION ★

PRESENT DAY BANKING'S PROGRAM OF ACTION

NOW COMES WAR

WILLIAM R. KUHN 67 67

THE IMPACT OF WAR ON BANKING

MAX CAVANAGH 68 68

COST OF LIVING BONUSES

WILLIAM POWERS 71 71

WARTIME PRECAUTIONS

MARY B. LEACH 72 72

PICTURE LOG

PICTURES 73 73

CONTROL OF FOREIGN FUNDS

73 73

A JOB FOR FARM CREDIT

PICTURES 77 77

THE ROUND TABLE

79 79

ORGANIZATIONS AFIELD

JOHN J. McCANN 80 80

NEWS PAPER

82 82

CONVENTION CALENDAR

84 84

ASSOCIATION WAR WORK—A.B.A. MEMBERSHIP REPORT—TRUST CONFERENCE PROGRAM
AMERICAN INSTITUTE OF BANKING ACTIVITIES—AN EASTERN BANKERS CONFERENCE

PREFABRICATION IS PRACTICAL

and



is the rule with the leading prefabricators!

Every month, Douglas Fir Plywood is being used as a basic structural material in more than 1000 prefabricated buildings!

Prefabrication has come of age. In plants from coast to coast, houses are being produced on virtually a production line basis. For prefabrication speeds construction, minimizes overhead, permits greater accuracy and control, brings about substantial economies and provides better shelter.

Why Plywood is used extensively

Douglas Fir Plywood is by far the favorite material for prefabricated structures. It is being used as the basic structural material on more than 1000 prefabricated buildings a month. The reasons for this are: (1) *Its physical properties.* Plywood combines toughness, durability, amazing strength and rigidity with light weight. It is virtually kick-proof and scuff-proof. It provides excellent insulation, shuts out wind and dust and effectively absorbs sound. (2) *Its large sizes, its many thicknesses and its variety of types and grades.* (3) *Its ability to take any desired finish.*

Send for "How to Build Houses Fast"

The Douglas Fir Plywood Association has just issued a 16-page booklet, "How to Build Houses Fast," that describes prefabrication with plywood in detail and contains photographs of the operations and houses of the nation's leading prefabricators. This booklet is free.

Also available without charge is the Dri-Bilt with Plywood Manual that tells how to use Douglas Fir Plywood in traditional on-the-job construction. Dri-Bilt construction saves man-hours, builds warmer, more rigid houses that will still be sound when the mortgage is paid. Dri-Bilt with Plywood homes are accepted by F.H.A. and approved in the Uniform Building Code. For literature, write Douglas Fir Plywood Assn., 1506 Tacoma Building, Tacoma, Washington.



HOUSES OF EVERY SIZE

can be prefabricated to good advantage. This particular house, one of the sixteen very attractive designs offered by the National Homes Corp., Lafayette, Indiana, is Douglas Fir Plywood inside and out.

PLYWOOD INTERIORS

are permanently beautiful—crack-proof, scuff-proof, kick-proof. This photograph shows the smart living room in one of the houses built by Bates Prefabricated Structures, Oakland, California.



THE WALL SECTIONS

of many prefabricated structures are quickly and accurately assembled on table jigs like these while the foundations are being laid. Because the bulk of the work is done indoors, no time is lost due to bad weather or cold. This scene was taken in the plant of National Homes Corp., Lafayette, Ind. "How to Build Houses Fast" describes construction methods more fully.



FREE PLAN BOOKLETS

show how N.H.F. village and farm house plans can be adapted to Dri-Bilt with Plywood construction. Write for copy.

DEFENSE ORDERS and the orders of our regular customers are being filled as promptly as possible. But more plywood is on the way! Production capacity of the Douglas Fir Plywood industry will soon reach one hundred fifty million ft. a month.

DOUGLAS FIR PLYWOOD
Real Lumber
MADE LARGER, LIGHTER
SPLIT-PROOF
STRONGER



SPECIFY DOUGLAS FIR PLYWOOD BY THESE "GRADE TRADE-MARKS"

PLY-PANEL D.F.P.A.

EXT.-D.F.P.A.



Now Comes War

Finding America

IN a little village on an island south of Manila there was living a few years ago an American school teacher. He had only one leg, was almost completely bald, and had a set of store teeth that he had bought several years before during a trip to Batavia.

He lived in one room by himself and talked with the mayor occasionally, but did not seem to have the knack of making friends. Sometimes he would speak of his old home in a Pennsylvania town, but he never made any plans to go back. It was too far away, and he wasn't sure that there would be anyone still living there who would remember him.

One day a Filipino boy, whose father had fought American troops during the Aguinaldo rebellion, caught up with the teacher on their way home after school and began to ply him with questions about America. He wanted to know where it was, how big, how rich, how high the mountains were, and whether America had any big, deep rivers. The boy had seen pictures of American cities in some old newspapers which his father had used to decorate the inside of the family dwelling.

"It's quite a long way to America from here," the teacher answered. "First of all, you must find some way to get to Manila; then you must take a boat and go to Hong Kong, Shanghai, and even up to Japan, where the boat usually stops at a place called Yokohama. Then comes a long trip over the water, day after day, until finally you reach San Francisco . . . and presto! America!"

The boy asked, "Do you love San Francisco?"

"Not particularly," said the teacher. "I have no reason to. I've only been there once and that was a good many years ago. You see, San Francisco is really not America. I said it was, but that mixes you up. It's just a city where you get off the boat. You must take a train after that and ride one, two, three days over mountains, right through big farms, over the biggest river in the world, on and on."

"When do you really get to America?" asked this small, brown piece of persistence.

"I guess I don't know," said the teacher. "It isn't any place in particular, it isn't any of those things that you see out of the train window. It must be inside of you, in your heart, maybe. It's something in your heart."

Well, maybe. But anyway, there's a story with a meaning for us right now. A great many people have tried to find America in Wall Street, Washington, in a labor union or some place else, but that's not where they'll find it.

Geared to War Needs

IN a letter to all members of the American Bankers Association, President Koeneké referred to his recent visit with President Roosevelt and Secretary Morgen-

thau and urged all banks to do everything possible to aid the war program.

"Every activity of the Association," said the letter in part, "is being geared to the war needs of the nation. Our work at Washington will be more important than ever. The welfare of the country will be the factor that determines what we shall do and where, when, and how it shall be done.

"The problems of war are not new to this Association. It has served through two wars and has seen other critical days in its 67 years of existence. Some of the financial problems of this conflict will be new; others will be similar to those we have faced before. Whatever they are, we will solve them. . . .

"Bankers can render immediate service to national welfare through their day by day contacts with millions of their customers who will look to them for information and advice. We of the banking business can render no greater service to the nation at this time than that of bringing to the people calm counsel and sober judgment to the end that they may face danger with confidence and meet it with courage."

Hara-Kiri

A JAPANESE writer named Tsurumi was returning to Japan in 1924, after a lecture tour in the United States which had put a little extra money in his kimono. He was lively, for a Jap, and even more self-important than most of them, and he claimed to be a fortune teller.

This impressed everybody very much and he was usually in the center of a group consisting chiefly of American ladies going to Honolulu with marriageable daughters to join the navy and a few Honolulu daughters returning home with husbands.

One night on deck during a fortune-telling bee, someone asked Mr. Tsurumi what the Japanese people really thought about Americans. This was about the time when the Japanese exclusion act was fresh and irritating in the minds of people of Japan. Mr. Tsurumi said that the Japanese people would be a little slow in understanding what the exclusion act really meant and suggested that he had a story which would answer the question better. Here is the story:

A fellow in Japan was being tried in court on the charge of killing an old acquaintance. The judge asked him why he had committed the crime and the defendant explained that the murdered man had called him a hippopotamus 20 years ago. The judge then asked why, if such were the case, had he not killed the offending gent 20 years ago.

"Because," explained the murderer, "I just found out a few days ago what a hippopotamus was."

IN the new version of this story it would be a case of suicide.

The Impact of War on Banking

MAX CAVANAGH

From time to time in the months to come BANKING proposes to utilize the services of that ever-increasing group of representative bankers who comprise the alumni body of The Graduate School of Banking conducted by the American Bankers Association at Rutgers University. These bankers are located in every state, and are fitted to act as reporters on current developments in their respective localities. Their findings will be collated by one of their own number and presented as articles in these pages.

This month we publish the first of this series. The author, Mr. CAVANAGH, is assistant vice-president of The National City Bank of New York.

THIS magazine wanted the facts as to what the defense program was doing to the banking business. Since the way to get the facts is to ask the man who knows, BANKING sent a questionnaire to representative bankers across the country. It asked what effect the defense program and higher living costs were having on bank personnel problems; whether there had been any marked change in lending activities; what priorities were doing to bankers; whether banks had found it necessary or desirable to develop new services or to expand old ones; how Defense Savings Bonds were going; and, in addition, it asked for such general observations on the present situation in the banking business as the bankers cared to make.

The answers have not been astounding in any sense. In fact it appears that the situation is pretty much what one would expect it to be. The banks in the industrial sections have felt the impact most; those in the agricultural sections have felt it least.

WITH respect to the problem of personnel, responses are conflicting. In the industrial districts and the larger cities there has been a definite increase in the turnover of employees. In the main the loss has been confined to the lower salaried groups, such as transit clerks and other junior employees, although in a few instances older and more experienced men have left to accept jobs at substantial salary increases. Moreover, there have been fewer youngsters just out of school interested in entering the banking business, and even in those districts not affected by industrial activity there has naturally been some loss to the draft and to the Reserve Corps. This loss in male personnel has been met by increasing the number of women employees and for certain types of work the experience with this class of help has been satisfactory, but this, as Mr. Kipling would say, is another story.

Generally speaking, banks in the agricultural sections

have had no serious personnel problems to date, although many such bankers report a mild migration from their towns to industrial centers under the lure of higher wages.

Nearly all bankers agree that an increase in wage scales is inevitable, not only to meet higher living costs, but to prevent further loss of trained personnel to industry. Recent newspaper reports have described bonus plans or living allowances inaugurated by the larger city banks as their solution to this problem.

Speaking from a defense area on the Pacific Coast one banker sums it up this way:

"THIS is probably the most difficult problem faced by our banks. Young men are being called to the service and many others are volunteering. The defense industries of this locality are employing literally thousands of men and while a great many of them come from other sections of the country, a large percentage are taken from the banks. Why do they go? Salaries, primarily. War industries will pay our trained people 30 to 50 per cent more than they are now receiving. Whence do replacements come? College boys go into the defense industries or Army; high school boys are going into the defense industries. Banks have had to fall back on girls of high school age and on up to fill the gap. The younger girls are trained on bookkeeping machines, the older girls on teller work. The last three months has seen a 50 per cent increase in American Institute of Banking girls membership."

On the other hand a Nebraska banker says:

"The trend is for higher wages and while we have not lost any employees we understand that quite a number of men in large and small banks in this territory have left to work in California."

Priorities

All business establishments need stationery, equipment, and supplies, and banks are no exception. Inability to obtain the quantities needed for their ordinary operations will seriously embarrass the banks and the communities they service. Thus far have the banks experienced any serious difficulty in obtaining their requirements? In the main the answer is in the negative, but almost all reporting banks express apprehension on this score and some speak of slowness in getting mechanical equipment, if indeed it can be had at all.

As with other business establishments, larger inventories are being carried against the day when pins, clips, rubber bands and certain grades of paper may be unobtainable.

The situation, as seen by a mid-western banker, is summarized as follows:

"Most machine equipment is unobtainable in any



STEINMETZ

A Graduate School of Banking class in session in the Rutgers gymnasium

large quantity; consequently, replacement programs and new systems are being deferred. Price increases, including higher taxes, have made some machines too expensive in relation to the work performed. We have found used equipment prices up 10 per cent to 25 per cent. Priority orders have been requested by suppliers of certain steel equipment, and PD-1 applications have been submitted to Washington. In general, we are purchasing no machine equipment 'for the duration' and are concentrating on the care of our present equipment.

"Paper prices, to mention but one item, have increased five times during 1941. Delivery schedules are now 30 to 60 days on most items. Office supply items involving rubber, metal, or chemicals are increasingly difficult to obtain. Building maintenance supplies are tightest of all. Some rationing has begun, for example, forms involving interleaved carbon."

Services

Bankers throughout the country are ready and willing to expand their existing services or to develop new ones to meet the emergency.

In communities where camps, shipyards or other defense projects are located or under construction there has been a marked increase in banking activity. Facilities

for providing payrolls, cashing checks and similar services have placed a heavy burden on the banks. In some instances this increased lobby activity has necessitated extensive alterations and some banks have found it necessary to remain open at night as well as during the usual business hours in order to handle the increased load.

Some of the larger banks have established special windows for the sale of Defense Bonds and smaller ones have included this service with other departments.

Bankers generally realize that in times like the present their responsibilities to their borrowing clients engaged in war work increase in proportion to the urgency of material or services involved. To meet this situation some banks in the larger cities have designated certain officers as specialists in war industry lending. It is the function of these officers to exhaust every possibility of making seemingly unbankable loans into loans that can be accepted safely.

Loan Activity

It is a matter of general knowledge that loans and discounts have increased substantially under the impact of the defense program. From June 30, 1939 to June 30, 1941, the last call date, the total of commercial, indus-

trial, and agricultural loans in member banks rose from about \$4.8 to \$7.3 billion, or about 52 per cent.

How has this increase been scattered throughout the country? Have banks generally participated in this increased lending activity, or has it been concentrated in particular localities? Has the increase been in loans generally or in defense loans principally?

Loans in the two central reserve cities, i.e., New York and Chicago, increased in this two year period from \$1.8 billion outstanding on June 30, 1939 to about \$3 billion on June 30, 1941, or about 67 per cent. In the 61 cities classified as reserve cities loans increased from \$1.9 billion to about \$2.9 billion, or 53 per cent, while in the country banks the increase was only about 26 per cent, or from \$1 billion to \$1.4 billion.

The answers to the questionnaire bear out these figures at least to the extent of showing that the increases have occurred chiefly in the larger cities, although no complete confirmation is possible because of the difference in date.

Answers received from banks located in defense areas indicated some increases in loans. Twenty-five per cent to 30 per cent is the increase most frequently mentioned, though in the most part resulting indirectly rather than directly from defense projects. Generally speaking, the increases in areas outside of the central reserve banks appeared to come from an all around increase in business, stimulated directly and indirectly by defense effort. (Figures reported by the American Bankers Association indicate a very considerable proportion of the loan increase to be due to defense lending.)

The proportionately greater increase in loans in the central reserve cities may possibly be accounted for by the fact that much of the defense work is in the hands of the larger industrial organizations who habitually borrow in the larger centers. In some few instances bankers in the agricultural districts have reported that high prices for farm products are permitting farmers to repay loans earlier than usual.

Evidence of the varied experience in different areas appears as follows:

A banker from an industrial district in Ohio says:

"In general it may be stated that commercial loans have increased slightly over the past year, but that no substantial amount of new loans has come to the banks directly for defense purposes."

On the Rutgers campus



Impacts

It appears from this survey that bankers are experiencing difficulties similar in nature to those being met by other business men, and in common with them will doubtless find matters worse before they are better.

There has been an all around increase in banking activity with larger deposits and more loans, in some instances to such an extent as to require substantial alterations and additions to "plant" in order to provide requisite lobby and work space. In the main, as with other business, the increased volume is being handled by a smaller or less experienced staff. This results in greater risk of costly operating errors, and an increased burden on supervisory officers.

As yet there has been no serious difficulty in obtaining stationery and ordinary equipment, although some apprehension on this score is expressed. As is the case with many manufacturing and trading concerns which have anticipated their inventory requirements for some time in advance, some bankers have laid in quantities of supplies for a somewhat longer period than usual.

While higher prices for farm products may have the effect of reducing somewhat the demand for loans in the agricultural districts, the defense program itself and the increased business activity it has generated have resulted in a marked increase in loan demand.

Another, from Virginia, puts it this way:

"We have been active in direct defense lending for a bank of our size although the bulk of our defense loans have been to contractors for construction purposes rather than to manufacturers for production purposes. Such loans, of course, have been liquid and of short duration and they are now failing to sustain the decline in normal commercial borrowings."

A Dakota banker sums up in these few words:

"There is very little demand for loans, about 25 per cent of the farm paper is being paid. We have no defense loans. The volume of new instalment paper is decreasing."

Defense Bonds

Although nearly all the reporters spoke of active and enthusiastic promotional activity on the part of the banks in the sale of Defense Bonds, they differed widely in their opinion of the results obtained. Some bankers felt that their sales had been all that could be expected, while others said the response had been disappointing in spite of their best efforts. *However, it is well to remember that these reports reflect conditions that existed prior to our entry into the war.*

There were also contradictions as to whether purchases came from the higher income groups or from the middle and lower brackets, but the majority opinion seemed to be that the wage earning classes have been generally apathetic, although improvement was being noted when the questionnaire was answered.

Cost of Living Bonuses

WILLIAM POWERS

MR. POWERS is director of the Customer Relations Department, American Bankers Association.

PAYMENT to bank staff members of additional compensation as an offset against the rise in living costs has become sufficiently widespread to justify a brief review of some of the plans now in effect.

Wide variations in rates, in bases of computation, and in classes of staff members affected are apparent in the following excerpts taken from 15 of the bonus plan announcements which have come to our attention:

1. Experimental adjustment based on cost of living for third quarter of 1941—4 per cent on basic salaries up to \$250 per month.

2. General salary increase of 10 per cent to be effective for the duration of the war.

3. Increase of 5 per cent in all salaries up to \$200 a month, subject to further adjustment if living costs continue to rise.

4. Wage increases averaging 8 per cent to meet increasing cost of living; increases range from 15 per cent for employees in low wage brackets to 5½ per cent for those in the higher brackets.

5. General increase of 3 per cent for all employees, retroactive to January 1, 1941, and to be considered as adjusted compensation rather than bonus. Subject to change, depending on living costs and bank earnings.

6. Cost of living bonus of 6 per cent of weekly salaries to all employees whose salaries do not exceed \$3,000 per annum.

7. Emergency bonus of from \$100 a year for employees earning less than \$1,000 a year to \$250 for employees earning between \$2,000 and \$3,000 per year.

8. Supplemental compensation of 6 per cent of salaries up to \$3,000, payable to all officers and employees whose salaries are not over \$5,000. Bank reserves right to alter or discontinue bonus payment.

9. Supplemental payments at the rate of 6 per cent on the first \$1,800 of annual salary and 4 per cent on the next \$1,200, to all officers and employees with basic annual salaries of \$6,000 or less. Plan subject to review every three months.

10. Supplementary cost of living compensation at the rate of 6 per cent of the first \$1,800 of annual pay, provided that no supplementary payment would be made which will raise the total remuneration to any employee above the \$6,000 level. Plan subject to adjustment or elimination.

11. Cost of living bonus for quarter beginning October 1, 1941; 6 per cent to employees receiving \$2,000 or less per year; 5 per cent to those receiving \$2,001 to \$3,000 with provision that no one in this bracket shall receive less than the maximum bonus paid in the lower bracket; and 4 per cent to those receiving \$3,001 to \$9,000 with the same provision as to the minimum.

12. Quarterly cost of living bonus of 11 per cent of salaries up to \$500 per month.

13. Quarterly cost of living bonus to all employees who have been with the bank over six months—6 per cent of basic pay.

14. Quarterly bonus of 15 per cent, 12½ per cent, 10 per cent, and 7½ per cent on salary brackets up to \$1,200, to \$2,999, to \$4,999, and to \$5,000 plus.

15. Temporary quarterly bonus of 8.33 per cent adjustable to fluctuations in living costs.

BANKS which are now paying additional compensation or are considering such action should make certain that the operation of their plans is in strict accordance with the requirements of the wage-hour law.

D. J. Needham, general counsel of the American Bankers Association, calls attention to the fact that the Wage and Hour Division has taken the position that where it can be conclusively demonstrated that a particular payment is a gift or gratuity it need not be included in computations of the regular rate of pay. Thus, in bonus plans where the payment and the amount of the bonus are solely in the discretion of the employer and where the employee has no contract right, express or implied, to any amount, such payments will not be considered a part of the regular rate at which the employee is employed and need not be included in computing his regular hourly rate of pay and overtime compensation.

If, on the other hand, the employee has a right by contract, express or implied, to a payment, it cannot be considered to be a gift and must be included in computing the employee's regular hourly rate of pay and overtime compensation. In this latter category the term "bonus" is used generally to describe various methods of deferred payment for work done.

If, for example, a board of directors at the end of a month should pass a resolution providing for bonus payments to employees in an amount equal to 4 per cent of their regular salaries during the last quarter of a year, and if the board makes it clear that such bonus is intended merely as a gift or gratuity even though the reason for making such gift is because of a 4 per cent increase in the cost of living for such three-month period, such payment would not appear to be of a character that would require its inclusion in the regular rate of pay upon which overtime compensation is determined. In fact, one of the characteristics of a gift bonus is that the employer can, if he chooses to do so, deduct the amount of overtime compensation paid to a particular employee in determining the amount of the bonus which such employee shall receive.

Similar action could be taken by the directors at the end of each succeeding three-month period so long as the employees clearly understood that they had no contract right, express or implied, to the bonus payments.

Wartime Precautions

THE banks of the east and west coasts are confronted with some of the problems experienced by the British banks for more than two years—what to do with their staffs and records, and whether to remain open for business during air raid alarms.

Despite the fact that few bank executives have anticipated actual bombings of our cities, some of the eastern and western banks are known to have been making duplicates of all essential records for several months back. At night one set of the records is transferred to another branch and placed in safekeeping. During the day, when both sets of necessity must be brought together, so far as possible they are kept in different parts of the banks, with one set accessible to storage vaults.

During the early air raid alarms securities and cash were rushed to the vaults and kept there until the all clear signals sounded.

The stock exchanges lost no time in considering measures to be taken should raids occur. The New York Stock and New York Curb exchanges have completed plans for clearing their trading floors. Decisions on whether to suspend trading entirely during alarms are pending. The New York Cocoa Exchange has announced that it will suspend trading during raid alarms.

Personnel safety has been a primary consideration with all of the banks and stock exchanges. Air raid wardens have been selected from the employees and given special instruction, and locations providing the maximum safety have been designated for shelter of employees and customers during alarms.

WHILE it seems unlikely that our cities will be subjected to the bombings experienced in London, as a criterion of what banks may do to protect their records we can do no better than quote from the February 1941 issue of the *Protective Bulletin* of the American Bankers Association, which relates the precautions taken by the London office of an American bank:

"In order to provide a means of reconstructing records in the event of loss, damage, or destruction, a Recordak film is made each day of paid checks, debit and credit tickets, deposit slips, securities deposit and withdrawal tickets, bills discounted, checks purchased, foreign remittances, etc. The films are sent out for developing each day and after development are lodged at the country office. In addition, a Recordak film is made once a month of certain basic records as deposit accounts, loan records (including collateral details), bills discounted diary, acceptance records, etc. Also, once quarterly a Recordak film is made of the securities held records. These films when developed are also lodged at the country office.

"All persons employed in the building were assigned to specific air raid shelters and were given basic training in the precautions and procedures to be followed in an emergency."

F. Bradshaw Makin, of Manchester, England, in the March 1941 issue of *BANKING* had this to say:

"... forethought and planning before the disaster



Mae Singhi Breen, national director of Air Raid Precaution for the American Women's Voluntary Services, giving the first of four lectures on the fundamentals of the air raid precaution to the staff of the American Bankers Association at the Murray Hill Hotel, New York. Executive Manager Harold Stonier seated at Miss Breen's left

and hard but regulated teamwork immediately after enable the service to be resumed with the minimum of delay and dislocation. When premises and records are completely demolished the first task is to obtain within an hour or so alternative accommodations in which the staff can set about this work.

"... Instances have been noted where the staff have had to work by candle light in their overcoats, because the electric light, water and gas have been cut off and the empty window frames had not been boarded. One of the first tasks is to obtain a supply of cash. . . ."

WHILE one or two members of the staff remain on counter duty to attend to customers, others are engaged on building up a complete set of books to replace those destroyed or temporarily unavailable. The reconstruction of all accounts, both personal and impersonal, could not be accomplished had not the authorities had the foresight to insist on duplicate records being compiled daily and weekly and lodged for safety with custodian offices located in non-vulnerable areas.

"The compilation of duplicate records, which was considered by many bank officers as rather a nuisance in the pre-blitz days, has more than justified itself. . . ."

"At the custodian office there is maintained a full set of ledger account headings giving, at the top of each account, full details of the customer's name and address, etc., credit limit, interest rates, and securities held as cover."

ARTICLES having previously appeared in *BANKING* describing how English banks met operating problems caused by the war, which may be of interest at this time, include: "A London Bank in the Country," pictures, November 1940; "London Banking Carries On," by D. E. Bedford, January 1941; "Banking As Usual," by Mr. Makin, March 1941; "A Letter from London," by H. C. F. Holgate, June 1941; and "Manpower in British Banks," by Mr. Makin, October 1941.

MARY B. LEACH

BANKING

PICTURE LOG—Foreign Fund Control . . .

THE series of meetings being conducted by the United States Treasury Department in cooperation with the American Bankers Association in key cities to bring about a better understanding on the part of bankers of the Treasury regulation governing the control of foreign funds was interrupted temporarily by the war, after meetings were held in Cleveland, Chicago, Denver, and San Francisco.

Walter B. French, deputy manager, American Bankers Association, opened these meetings with an explanation of the reasons therefore. Norman E. Towson, the Treasury's assistant director of Foreign Fund Control and leader of the Treasury group, explained the mechanics of the regulations and their purpose; a Treasury economist discussed the economic aspects of control; and a member of the Treasury's legal staff explained the legal aspects of control.

Here are examples of freezing "cases" used on the Treasury-A.B.A. itinerary:

"A certain European, possessing a considerable fortune, had set up a substantial trust fund in an American bank.

His son-in-law, living here, was made one of the co-trustees. He knew that the fund was not expected to be used, except under the most extraordinary circumstances. Suddenly, however, this man received a letter from his father-in-law asking that a very large sum be withdrawn from the fund and sent to him in Europe. This was followed by a trans-Atlantic telephone call. When the Treasury questioned the son-in-law in detail it became clear that all of the instructions could have been, and most likely had been, issued under the instructions of German authorities. Naturally, the Treasury did not authorize the remittance."

"In response to a TFBE-1 questionnaire, there was disclosed a case where two signing officers of a French-owned company organized and operating here actually were in occupied France, and so in a position to submit to duress and sign away the assets of the company. The company's operating license was consequently amended to prevent those officers from exercising their authority to sign so long as they remained abroad."



YASSOVYE



CLEVELAND—above, left, bankers from the Cleveland Federal Reserve area, Ohio and West Virginia state association secretaries, and members of bank supervising agencies attending the first of the control of foreign fund conferences. **CHICAGO**—above, right, a similar group at the Chicago Federal Reserve district meeting

DENVER—below, left, Treasury Department and A.B.A. leaders at the Denver meeting. *Left to right, Henry Oliver, Jr., Neil D. Naiden, Joseph H. Murphy, Richard Aikin, Charles D. Shaeffer, Joseph B. Friedman, James D. Scramlin, Herbert L. Merillat, Mr. Towson, and Mr. French.* **SAN FRANCISCO**—below, right, bankers, state association leaders and banking department representatives at the San Francisco foreign funds control conference



CORWIN ROUSEN

Associations in Action . . .

ABOUT 600 local and out-of-town bankers attended the 28th annual bankers' forum dinner of New York Chapter of the American Institute of Banking. W. Randolph Burgess, vice-chairman of the board, The National City Bank of New York, presided.



SYLVESTER



SYLVESTER

HONOR GUESTS—Above, left, left to right, Eugene C. Donovan, president, New York State Bankers Association; Warren L. Pierson, president, Export-Import Bank; Henry W. Koeneke, president, American Bankers Association; Mr. Burgess; and Henry Bruère, president, Savings Banks Association of the State of New York. **OTHER DISTINGUISHED GUESTS**—right, left to right, William Feick, vice-president, Irving Trust Company; W. L. Hemingway, first vice-president, American Bankers Association; George T. Newell, president, American Institute of Banking; William Gerken, chapter vice-president; and P. D. Houston, past president of the A.B.A.



SYLVESTER

BUILDING BANK BUSINESS—Above, at a meeting of the Financial Advertisers Association of New York, A. I. Salzman, assistant to the president, Lafayette National Bank, Brooklyn; William Powers, director, Customer Relations, American Bankers Association; and William F. Hofmayer, president, First National Bank of Union City, N. J., participated in a panel discussion on personnel and customer relations

INVESTMENT BANKING—Left, John S. Fleek, partner of Hayden, Miller and Company, Cleveland, who was elected president of the Investment Bankers Association at its Hollywood Beach, Florida, convention, and E. F. Connely, of Detroit, retiring IBA president

BANK STUDY CONFERENCE

—About 250 bank executives attended the Michigan Bankers Association's fourth bank study conference at the U of M, Ann Arbor. Leaders—seated, left to right, E. W. DeLano, president, Michigan Bankers Association; Frank Totten, vice-president, The Chase National Bank of New York; J. S. Stubblefield, president, Peoples State Bank, St. Joseph; R. E. Reichert, vice-president, MBA. Standing, G. T. Stephenson, director of Trust Research, A.B.A.'s Graduate School of Banking; and R. O. Brundage, executive manager, MBA



MICHIGAN INVESTOR

BANKING

A. I. B. Forums and Classes . . .

PROTECTION—"Blanket Bond Coverage" was the topic of James E. Baum, deputy manager of the American Bankers Association and secretary of its Insurance and Protective Committee, at the third seminar and forum meeting of Boston Chapter. *Right, left to right*, E. S. Johnson, auditor of The New England Trust Company and president of Boston Chapter; Mr. Baum; D. E. Hersee, vice-president, State Street Trust Company and president, Massachusetts Bankers Association; and J. H. Swift, Jr., of the Old Colony Trust Company and chairman, Seminar and Forum Committee



CUSHING-GELLATLY



HACK STUDIO

BUSINESS AND GOVERNMENT

—Chicago Chapter has concluded an eight-session course in "Business and Government," designed to give senior bankers an opportunity to increase their understanding of contemporary changes in the Government's attitude toward private enterprise. *Left, below*, Paul H. Douglas, professor of economics, University of Chicago, speaking on "Government and Labor"



STYLVETER

MORTGAGE LENDING—Dr. Ernest M. Fisher, director of Research in Mortgage and Real Estate Finance for the American Bankers Association spoke on "Facts, Fancies and Fallacies in Mortgage Lending" at a forum meeting of Anthracite Chapter, Pottsville, Pennsylvania. *Left, left to right*, T. F. Matthews, second vice-president, Anthracite Chapter; Rev. P. W. Seiwell; Dr. Fisher; B. C. Long, Chapter president; F. W. Stofler, chairman, Forum Committee; P. R. Lewis, member, National Forum Committee; and G. W. Metz, first vice-president, Anthracite Chapter

STUDENTS AND BANKING—New York high school students listening to one of the 10 weekly broadcasts on banking sponsored by New York Chapter

TELLERS' ROUNDTABLE—Philadelphia Chapter has concluded a four-session course designed for junior bank officers and senior tellers which covered the work of a windowman in his daily problems. *Below, right*, William Powers, director of Customer Relations, American Bankers Association, addressing the final seminar on "The Teller"



GRASSO



ALLEN STUDIO

From Maine to Florida . . .



SAVINGS ASSOCIATION—Dr. Paul F. Cadman, economist and director of the Research Council of the American Bankers Association, was guest speaker at the group meeting in Portland of the Savings Bank Association of Maine. Representatives of commercial banks in the Portland area and of the State Banking Department were Association guests. *Seated, left to right*, Nathaniel Tompkins, president, Houlton Savings Bank; Dr. Cadman; F. F. Lawrence, toastmaster and treasurer of the Maine Savings Bank, Portland; D. C. White, president, Maine Bankers Association. *Standing, left to right*, H. M. Nelson, executive manager, Savings Banks Association of Maine; G. C. Fernald, secretary, Maine Bankers Association; A. J. S. Keene, Savings Association president; W. W. Thomas, president, Maine Savings Bank; W. G. Davis, president, Portland Savings Bank; and W. Frank Parker, Maine Banking Dept.

FOOD FOR DEFENSE—Agricultural Credit department managers of seven central New York commercial banks met recently at the National Bank and Trust Company, Norwich, to discuss current farm problems and lay plans for participation in the "Food for Defense" program. *Left to right*, H. E. Henderson and Assistant Vice-president B. J. Miner, First National Bank, Cortland; L. D. Hays, cashier, First National Bank, Sidney; Norman Thomson, First National Bank & Trust Co., Walton; C. A. Martin, Second National Bank, Cooperstown; C. M. Higley, president, Chenango County National Bank & Trust Co., Norwich; Otis A. Thompson, president, National Bank and Trust Co., Norwich, and chairman, Agricultural Commission of the A.B.A.; N. A. Jamba of Mr. Thompson's bank; and W. E. Benson, Madison County Trust and Deposit Co.



BANKERS CONFERENCE—New Jersey Bankers Association held its 13th mid-year trust and banking conference at Princeton University, at the invitation of Dr. E. W. Kemmerer, director, International Finance Section of the university. J. R. Dunkerley, assistant secretary, Savings Division, American Bankers Association, presided at Savings Department session; L. A. Chambliss, vice-president, Fidelity Union Trust Company, Newark, and association president, and J. P. Poe, president, First National Bank, Princeton, presided at Commercial Department sessions; W. E. Hocker, vice-president and trust officer, National Newark and Essex Banking Company, Newark, presided at Trust Department sessions. *Left to right*, Mr. Dunkerley and Mr. Poe

SOUTHERN SECRETARIES—The program of the secretaries of southern states bankers associations in Hollywood, Florida, included discussion of "Defense Bonds and Banks"; "Insurance and Proper Coverage for Banks"; "Relations of State Associations with the American Bankers Association"; "Uniform Service Charges"; and "Public Relations of Banks and Bankers Associations." *Left to right*, Ralph Fontaine, Louisville, Ky.; Eugene P. Gum, Oklahoma City; John H. Payne, Richmond; H. Grady Huddleston, Nashville; Ray Dile, Hollywood; J. Carlisle Rogers, Leesburg; Gordon D. Palmer, Tuscaloosa; Haynes McFadden, Atlanta; Robert E. Wait, Little Rock; W. E. Martin, Columbia; G. E. Lewis, Tallahassee; W. T. Wilson, assistant secretary, State Secretaries Section of the A.B.A.; and Bradford McFadden, Atlanta





K. W. McLAREN

A Job for Farm Credit

THE second annual farm credit school sponsored by the New York State Bankers Association and State College of Agriculture attracted more than 225 commercial bankers to Cornell University, Ithaca, New York.

Calling attention to the fact that production of an adequate food supply during the national emergency requires efficient operation of farms, which places the responsibility squarely on bank credit, Burr P. Cleveland, president, First National Bank of Cortland, stated in the opening address, read in his absence by C. C. Henderson: "The \$1,000 loan made to a farmer is just as big a deal as a \$1,000,000 loan to a company making bombing planes—and 1,000 such loans make \$1,000,000." He also called attention to the fact that the future holds a Herculean task for farm credit, "when today's scorched earth shall again give forth the green things God intended . . . agricultural credit must help rehabilitate the world."

Drawing on experience with 20,000 long-term mortgage loans made to New York farmers in the past 25 years, Edward H. Thomson, president, Springfield (Massachusetts) Land Bank, told the session that

compared with other business enterprise, farming is among the best risks in the long run. But, he noted, "character and ability of the farmer himself is the yardstick for determining success or failure in north-eastern farming."

Examining the credit situation in New York, A. G. Brown, deputy manager of the American Bankers Association, in charge of the Agricultural Credit Department, observed that the hundreds of low-income New York farm families which have achieved security on the land through the Farm Security Administration have come to see a future for themselves in the future of their country . . . "they have a stake in the defense of America."

The first day panel sessions also studied New York's farm credit situation from the standpoints of servicing farm loans and developing new farm business. A general review of activities was given by Harold J. Marshall, secretary, New York State Bankers Association, supported by the experiences of 10 panel members.

Otis A. Thompson, *below*, president, National Bank and Trust Company of Norwich, New York, at the closing session of "Training School for Key Bankers" stressed the responsibilities of the bankers upon whom must rest the coordination of a state-wide program of action

Dr. W. I. Myers advising the bankers present on how to adjust New York agriculture to the present economic situation



J. J. MCCANN



K. W. McLAREN

At the banquet session Dean C. W. Ladd advised against long-term credit in the emergency, pointing out that farm prices are likely to fluctuate violently. His view, however, optimistically appraised the post-war future on the conviction that farm affairs will be handled more intelligently by all concerned. He saw an immediate need for greater volume in short-term farm credit and called for all-out aid.

Dr. W. I. Myers, head of the Department of Agricultural Economics and Farm Management, substantiated these observations in his banquet address which resorted to the charted course of farm economics following the first great war. He proposed a number of important points which bankers may well follow in their efforts to adjust agriculture to the present situation.

A resolution in tribute to the late Dan H. Otis, Director, Agricultural Commission, A.B.A. was read to the banquet session by Albert L. Muench, assistant secretary, New York State Bankers Association.

Dr. Van B. Hart, extension professor of farm management, opened the second day's session with a number of case studies which revealed the advantages of farm loans over other types of financing. Additional cases were presented by Nicholas Jamba, manager, agricultural department, National Bank & Trust Company, Norwich, New York.

This school has become the focal interest of every bankers association in the country. South Dakota adopted the plan last month; Virginia intends to follow. Others are reported to be organizing for 1942.

Left, A. G. Brown, deputy manager, Agricultural Credit Department, A.B.A. and C. E. Ladd, Dean, N. Y. State College of Agriculture. Dean Ladd advised against long term credit because of the likelihood of fluctuating farm prices in the present emergency



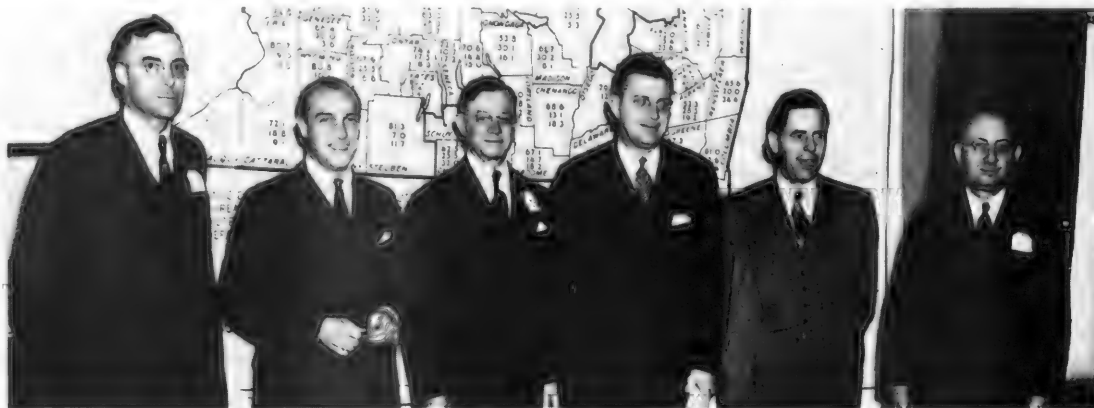
J. J. MCCANN

Professor Montgomery E. Robinson of the College Extension Service delivered a message from L. R. Simons, extension director, pointing out the varied opportunities for cooperation between key bankers and the extension service of the state college



K. W. MCLAREN

Below, left to right, Dr. Van B. Hart, Extension Professor, Farm Management, New York State College of Agriculture; A. L. Muench, assistant secretary, New York State Bankers Association; F. E. Decker, chairman, N. Y. State Bankers Association Agricultural Committee and vice-president, Northern New York Trust Company, Watertown, N. Y.; H. J. Marshall, secretary, N. Y. State Bankers Association; Dr. W. I. Myers, head, Department of Agricultural Economics and Farm Management, N. Y. State College of Agriculture; A. G. Brown, deputy manager, A.B.A. Agricultural Credit Department



K. W. MCLAREN

BANKING

The ROUND TABLE



Brief Excerpts from a Few Recent Speeches

A Long, Hard War

WE must be set to face a long war against crafty and powerful bandits. . . . It will not only be a long war, it will be a hard war. That is the basis on which we now lay our plans. . . . We are going to win the war and we are going to win the peace that follows.—PRESIDENT ROOSEVELT to the American people.

Produce!

SIDNEY HILLMAN, associate director, OPM

WAR is upon us. Already the guns you have made and the planes you have built and the ships you have launched are blasting the foe in defense of our shores. Our victory depends on greater and yet greater production from the workshops of democracy. The workers of this nation will prove that free Americans can outproduce, as they can outfight, any combination of slave peoples.

The Office of Production Management appeals for the utmost effort from American labor and management that victory may come swiftly and be complete. Man-hours worked by willing hands will do it.

Business

HENRY C. FLOWER, Jr., J. Walter Thompson Co.

FOR the good of all we are fighting for, although business may not go on as usual, business must go on. That is the lesson England has taught us. We must carry on at home.

Prices

LEON HENDERSON, Federal Price Administrator

If the rate of price increases which has prevailed since last March continues, it would increase the cost of the defense program contemplated before the Japanese struck by \$31,000,000,000 and by \$50,000,000,000 under the victory program now proposed.

Little Fellows

FLOYD B. ODLUM, director, Contract Distribution, OPM

THE spread-work policy is taking hold. I see results every day. Every indicator that I know about is rising rapidly.

I do not fear the situation faced by industry next Spring, Summer or Fall. Any company that can last through the coming few months will, I believe, be able to carry on thereafter on its own. It's between now and Spring that I fear.

Priorities are sharp in their effect. Raw material cannot be spread too thick and mobilization of industry takes some time to effect completely.

Bonds

Brigadier General LEONARD P. AYRES

IN recent years we have seen one of the longest bull markets in bond prices that this country has ever experienced, and that is particularly true of Federal bonds. Probably it can now be said with a considerable degree of confidence that this progressive inflation of bond prices has now reached its end.

Transition

MARRINER S. ECCLES, chairman, Federal Reserve Board

It will be a world tragedy if, when peace is restored, we revert to the doctrine that we cannot afford to employ our human and material resources in full production. Yet there will be such a reversion unless we prepare now to make the transition back to peace—unless we plan to keep the emphasis upon full production—the maximum that can be called forth by private enterprise and initiative, but with government prepared to assure useful employment to all who are able and willing to work who cannot find jobs in private activity.

Work

WILLIAM S. KNUDSEN, director general, OPM

THE hour has come. We must center all our efforts on production of the munitions of war. America's production engine that is turning now must be speeded up to maximum output. Let us move all schedules forward and put the supreme effort into getting more and still more material that our fighting forces may have the means of carrying on total war.

ORGANIZATIONS AFIELD

JOHN J. McCANN reports on activities of national, state and local bankers' organizations.



Defense Bonds

DISTRIBUTION OF Defense Bonds and Stamps in the 17 mutual savings bank states topped 100 millions at the close of the first six months these securities have been available to depositors. As payroll

deduction and other plans of distribution are further developed, it is believed that substantial amounts will be absorbed with growing ease. Mutual institutions now participating in the Treasury program represent 99 per cent of total U. S. savings bank assets. The national association reports that sales are well in proportion to deposits.

New York leads with more than 66½ millions.

Tax Calendar

THE TAX COMMITTEE of the MASSACHUSETTS BANKERS ASSOCIATION has compiled and distributed a 1942 bank tax calendar listing the filing dates for the 66 returns required by Federal, state and municipal governments. This handy chart also gives the form number for each return. Pertinent information regarding tax payments is contained in footnotes. Returns are keyed to these data for quick reference. The dates listed apply to banks on a calendar year basis; a few changes are required for those operating on a fiscal year.

Credit School

THE SOUTH DAKOTA BANKERS ASSOCIATION sponsored its first annual agricultural credit school at the State College, Brookings, last month. The two-day program featured talks and panel discussions by faculty members of the College of Agriculture and Mechanic Arts and by member bankers. "Meeting the Credit Needs of Farmers and Ranchers" themed the sessions. Closing highlight was a tour of livestock research projects conducted by the experiment station staff. South Dakota is the first state group to model an intensive study course after the highly successful Farm Credit School sponsored by the New York bankers at Cornell University, Ithaca. Other state associations are reported to be considering similar projects in 1942.

New Post

THE MORRIS PLAN BANKERS ASSOCIATION recently announced the appointment of P. J. Yoder, former New York banker and more recently with FHA, as director of public relations. The association is planning an exten-

sive long-range program in this field to begin early in 1942. It cites the increased competition for industrial loans and the need for closer contact with legislators as two factors prompting the establishment of public relations as a full-time, all-out job.

Forum

THE VIRGINIA BANKERS ASSOCIATION will conduct its second annual insurance forum at Lynchburg in 1942. In connection with this announcement, the association issued a special insurance inventory form for member use. The form provides for a complete record of policy numbers, coverage, and expiration dates on all types of bank insurance. It is considered very helpful and is used widely.

Key Bankers

COUNTY KEY bankers of the MICHIGAN BANKERS ASSOCIATION will meet soon at the Michigan State College to lay plans for the new year's agricultural program. The association has issued an interesting set of maps showing the percentage distribution of farm real estate and agricultural loans among insured commercial banks, Production Credit associations, and the Farm Security Administration. The objective of the key banker conference will be to devise ways and means of improving the picture in favor of member banks.

H. C. O. L.

THE MASSACHUSETTS BANKERS ASSOCIATION has undertaken a study of what appears to be an increasingly important problem—the high cost of living and its effect upon lower salaried employees. The association is gathering factual data on supplementary compensation plans, programs and policies and will correlate these data for all members interested in meeting the question with pretested systems.



Minute Movie

ILLINOIS THEATRES are currently showing a "minute movie" which features the endorsement of Defense Savings Bonds and Stamps by Earl C.

Adams, president of the ILLINOIS BANKERS ASSOCIATION and Arthur C. Lueder, State Auditor of Public Accounts. The film is available to all member banks for local theatre showings. If desired, the sponsoring bank's signature is added to the film at the producer's laboratories; otherwise the film recommends—"Buy United States Defense Bonds and Stamps At Your Local Bank." Theatre managers throughout the state are running the film free of charge.

Bulletin

SAVINGS BANK LIFE INSURANCE, a news bulletin, made its debut last month as official publication of the SAVINGS BANKS LIFE INSURANCE COUNCIL OF NEW YORK. The bulletin will be devoted to news and notes of interest to New York member banks and other supporters of this popular form of insurance. The first issue contains a comprehensive report of latest developments in New York State, news of the movement in Connecticut and a review of the bulletin issued by the U. S. Department of Labor covering the history of this type of insurance.



Ghost Banks

THE MISSOURI BANKERS ASSOCIATION Committee on Education and Public Relations organized a drive to remove the metal name plates, cornerstones and all other reminders of defunct banks on buildings throughout

the state now used for other business purposes. From the standpoint of public relations, the committee asserts that signs on buildings no longer used by banks are a definite negative factor and one that may prove to be a constant and unpleasant reminder of bank closings during the depression years. While there is apparently no legal obligation on the part of building owners or occupants to remove such signs, the committee recommends joint action by local and county banking groups in cases which cannot be handled by an individual member.

Trust

THE TRUST DIVISION of the ILLINOIS BANKERS ASSOCIATION has just made available to its members an official trust pamphlet, which is reported by trust men to be one of the first issued by a banker's association. It is designed for distribution to every officer, director, active stockholder and responsible employee who has dealings with the public, and to lawyers, life insurance men, trust customers and beneficiaries. It is not intended as a piece of advertising, but rather is a complete catalogue of personal trust service. It is believed that the circulation of this pamphlet will call attention in an unprovocative way to the basic human needs that a trust institution is designed to serve; to the number and variety of services offered, and to clarify policies.

Study Conferences

TWO IMPORTANT study conferences are scheduled in January. The LOUISIANA BANKERS ASSOCIATION will hold its sessions at the Louisiana State Law School Auditorium, Baton Rouge, January 21-23. The third MISSOURI BANKERS UNIVERSITY CONFERENCE is scheduled at the U. of M., Columbia, January 20 to 22, inclusive.

Cooperative Convention

THERE ARE many practical economies and advantages in this new spirit of cooperation which neighboring as-

sociations have applied to study conferences and now to conventions. Among other things, expenses are proportionately cut and there are greater opportunities of lining up a program of top-flight speakers. One such departure is contemplated in 1942 by the Utah and Idaho bankers associations at Sun Valley, June 5 and 6. If this joint convention materializes, one may expect to see a series of inter-state conventions develop in time.

Official Family

APPOINTMENT of Carl A. Bowman as assistant secretary of the KANSAS BANKERS ASSOCIATION last month called upon the third generation to carry on the constructive record established by his grandfather, the late and beloved Walter M. Bowman, and his father, Fred M. Bowman, present executive secretary. Carl majored in economics at Washburn College and was graduated from the Harvard School of Business in 1939. He has since been with the Kansas City office of C. I. T.

Record Guide

THE NEW YORK STATE BANKERS ASSOCIATION recently distributed a one-ply cardboard wall chart suggesting minimum and maximum retention periods for old bank records. Records and forms are itemized and classified under departmental headings for easy reference. The schedule is offered as a guide to member banks with the understanding that it will be adopted in its entirety only upon the advice of counsel. The chart is a particularly timely aid to members who may be considering economy of storage facilities.

Food for Defense

THE LOUISIANA BANKERS ASSOCIATION informs members that the state is expected to yield 150,000 acres in soybeans for 1942 under the current food-for-defense campaign. The agricultural committee plans to enlist the resources of members in financing this tremendous crop not only from the standpoint of sound investment, but as a patriotic contribution to the war efforts.



Joint Conference

THE NORTH CAROLINA BANKERS CONFERENCE, which has been an outstanding success for the past five years, will be enlarged in 1942 to include the State of South Carolina, and in the future will be known as the CAROLINAS BANKERS CONFERENCE. In addition to being sponsored by the North Carolina Bankers Association, the University of North Carolina, and the North Carolina Banking Department, as heretofore, additional sponsors will be the neighbor association and the chief bank examiner of South Carolina. The president and secretary of the SCA and the chief examiner will become members of the Conference Committee. The conference will continue to use the facilities of the University at Chapel Hill.



A.B.A. Helping Banks Give "All Out" Aid to War

Funds Freezing Meetings Aided By Association

A.B.A. Has Part in Treasury Series

The American Bankers Association and the United States Treasury cooperated in holding a series of meetings designed to effect a better understanding among bankers of the Treasury's regulations for the control of foreign funds.

The meetings, sponsored by the Treasury were held in several large cities. Each was opened by Walter B. French, A.B.A. deputy manager, who explained the purpose. He was followed by Treasury speakers who talked about various phases of the control.

The idea for the meetings grew out of the realization that the complex and voluminous freezing regulations were not fully understood by many institutions and that interpretation in simple layman's language was needed.

To aid the Treasury, Henry W. Koeneké, president of the Association, appointed a foreign funds control committee, the personnel of which is listed in another column. This committee assisted the Treasury in getting from the banks suggestions for clarifying and facilitating freezing control.

Although the tour was interrupted by the war, the meetings held simplified the problems of many banks in complying with the regulations.

Two types of sessions were held. One was a special educational meeting, attended by

(Continued on page 83)

A Pledge

After listening to President Roosevelt's war message to Congress on Dec. 8, Henry W. Koeneké, A.B.A. president, sent him this telegram: "Deeply conscious of the import of your historic message. On behalf of the American Bankers Association I pledge to you and to the people of the United States the complete support of the nation's banks."

War Themes on Trust Program

Conference Set For Feb. 3-5

Means of extending all possible aid to the Government and of serving the best interests of beneficiaries under war conditions are to be central themes of the 23rd mid-winter trust conference of the Trust Division, American Bankers Association, in New York, Feb. 3, 4 and 5.

Many well known speakers are scheduled to appear at the business meetings of the conference. They include, the first day, H. W. Koeneké, A.B.A., president; Walter Armstrong, president of the American Bar Association; Judge A. M. Dobie, Circuit Court of Appeals, 4th circuit, Richmond, Va.; and Dr. Paul F. Cadman, A.B.A., economist. A customer relations panel will be the closing feature of the first day's program.

The second day will include talks by C. Alison Scully, vice-

(Continued on page 84)

Association Pledges Full Support to Government on Vital Financial Front

President Henry W. Koeneké's telegram to President Roosevelt pledging "the complete support of the nation's banks" epitomizes the effort the American Bankers Association is making in the war.

The outbreak of hostilities between the United States and the Axis partners found the Association fully geared to the national

defense program. However, intensification of A.B.A. activities on behalf of banks' contributions toward the country's welfare was immediate. All departments immediately laid plans for new activities and responsibilities.

One of President Koeneké's first official acts was to send a letter to all Association member banks, pointing out, among other things, the various posts that banks could hold and were holding on the financial front. The text of his letter appears elsewhere in this issue.

Meanwhile, the Association was cooperating with the Treasury Department in the nationwide series of meetings designed to explain technical procedures in the freezing of foreign funds, regarded as one of the most important of banking's wartime services. Walter B. French, deputy manager, represented the A.B.A. at these meetings. The tour was interrupted by the war.

Deputy Manager Merle E. Seleckman and J. E. Drew, director and secretary, respectively, of the Public Relations Council, represented the Association at the Defense Bond conference in Chicago.

The Advertising Department prepared copy carrying appropriate messages to newspaper readers and bank customers.

Various commissions, committees and councils surveyed their programs to see what new services they could perform

(Continued on page 84)



President Koeneké

Eastern Bankers Confer Mar. 4-6 War Aid a Theme of New York Meet

Plans are under way for the annual eastern regional banking conference to be held in New York City, Mar. 4, 5 and 6, under auspices of the American Bankers Association.

Although the program is still in a formative stage, it is expected that the banks' aid to the nation in wartime will be the leading subject.

Speakers of prominence and authority in various phases of commercial and savings banking are to address the conference and bankers from a dozen eastern states will have an opportunity to attend.

Sessions will be at the Waldorf-Astoria. More information about the conference, which annually attracts hundreds of bankers, will be published in subsequent issues of BANKING.

Four A.B.A. Membership Getters



J. O. Peck



F. R. McGeoy, Jr.



F. L. Alban

WORKERS

These four bankers are among those who have been particularly active in A.B.A. membership work during recent months. J. O. Peck is vice-president, Continental National Bank, Lincoln, Neb. F. R. McGeoy, Jr., is president, The Bank of Greenwood, Greenwood, Miss., Frank L. Alban is assistant vice-president, First National Bank and Trust Co., Tulsa, Okla., and G. Carleton Hill is vice-president, The Fifth Third Union Trust Co., Cincinnati



G. C. Hill

A.I.B. Council to Meet in Evansville

The executive council of the American Institute of Banking holds its annual mid-Winter meeting at Evansville, Ind., Jan. 19-21.

Affairs of the Institute will be discussed by the national councilmen, the national officers, including President George T. Newell and Vice-president David E. Simms; Dr. William A. Irwin, educational director, and Floyd W. Larson, secretary.

G.S.B. Alumni Plan Reunion

Alumni of The Graduate School of Banking will meet in New York, Apr. 11, simultaneous with a meeting of the School's faculty.

David C. Barry, president of the Class of 1937, and vice-president of the Lincoln-Alliance Bank and Trust Co., Rochester, N. Y., will preside at the alumni session. Conferences are scheduled in commercial banking, investments, savings management and trusts.

Funds Freezing Aided by A.B.A.

(Continued from page 82)

secretaries of state bankers associations, Federal Reserve officials, state and Federal bank examiners, and key bankers, designed to equip them to carry forward the program of interpretation in their districts.

The other type of meeting was designed for representatives of all banks in the district. A.B.A. and Treasury men explained the various aspects and details of the program.

In announcing interruption of the tour the Treasury said its representatives had been held in San Francisco "to deal with new problems arising from the war."

Meetings scheduled for Dallas, New Orleans and Atlanta were canceled.

Louis C. Holl, second vice-president, The Chase National Bank, New York, Manhattan branch, is chairman of the arrangements committee. The meetings take place at the University Club.

J. L. O'Neill Heads A.B.A. Foreign Funds Control Committee

James L. O'Neill, vice-president, Guaranty Trust Company of New York, is chairman of the recently organized Foreign Funds Control Committee of the American Bankers Association.

The other members are: Frank L. King, comptroller of the Continental Illinois National Bank and Trust Company, Chicago; William H. Moorehead, vice-president and cashier, Chase National Bank, New York; Joseph E. Nilsson, manager, foreign division, First National Bank of Boston, and Fred A. Thomas, vice-president, Central Hanover Bank and Trust Company of New York.

Women's Job Survey

A survey of jobs for women in finance and general banking has been completed by the Women's Executive Committee.

Ellen L. Nylund of The First National Bank, Chicago, is chairman of the group that made the survey.

A.B.A. Gets 182 New Members in 3-Month Period

Ohio's 18 Leads, South Is Active

The American Bankers Association received 182 new members in the first three months of its current year, according to the membership committee report.

The largest number for a single state was 18 in Ohio, where G. Carleton Hill of Cincinnati is state vice-president. Ohio is in the membership area under George W. Heiser, membership committeeman.

From Mississippi, Frank R. McGeoy, Jr., of Greenwood, state vice-president, turned in 17 new members, thereby reducing by nearly one-third the non-members in that state.

H. G. Hutchinson of Griffin, Ga., and J. O. Peck of Lincoln, Neb., vice-presidents for their respective states, each obtained 13. R. O. Byerrum, of Davenport, Iowa's vice-president, got 12.

In President Koeneke's state, Oklahoma, vice-president Frank L. Alban of Tulsa reduced the non-member list by more than 50 per cent with the addition of 10 new members. The goal for the year is 100 per cent A.B.A. membership.

In recent years the area under Committeeman Gordon Nesbit of Fargo, N. D., which covers the Dakotas, has been the scene of fruitful membership campaigns. Already this year vice-president Fred R. Orth of Grand Forks, N. D., Dakota has cut down his non-member total by 20 per cent, while the number of non-member banks in South Dakota has been reduced 28 per cent by Vice-president Ralph M. Watson of Sioux Falls.

From the standpoint of records made in the various membership areas during the three months—September, October and November—Committeeman R. L. Dominick of Kansas City, Mo., in charge of Arkansas, Louisiana, Mississippi, and Missouri, lead with 28 new members for the period.

Oakland High Schools Plan Use of "Personal Money Management"

The Oakland (Cal.) public schools plan to make use of the A.B.A. booklet "Personal Money Management."

The Farmers and Merchants Savings Bank of Oakland made the booklet available to George C. Bliss, coordinator of placement in the schools, who said it would be used by the "senior problems" high school group, which, he explained, discusses such topics as vocations, job hunting, consumer education, family life, etc. This course is required of all high school pupils.

Consumer Education Aid

"I am sure," Mr. Bliss wrote the bank, "that this booklet can make up a large part of the unit on consumer education, which takes into account budgeting of salaries, savings, and allied topics, with a view to a better adjusted personal life for our graduates." Mr. Bliss said that everyone to whom he had shown the booklet was "rather enthusiastic about its possible use with the students."

"Personal Money Management" was prepared and published by the Savings Division of the American Bankers Association. It has had a wide distribution since its appearance in January 1941.

A.B.A. Staff Takes Air Raid Course

The American Bankers Association staff in New York is taking an air raid precaution course. The lectures, by a representative of the American Women's Voluntary Services, are given once a week and last two hours.

A.B.A. Helping Banks' War Aid

(Continued from page 82)

and at what points present functions could be adapted to the necessities of war.

President Koenike called at the White House on Dec. 5 to pay his respects to President Roosevelt.

Mr. Koenike told reporters: "Naturally, bankers, like all other good citizens, are alive to their responsibilities at a time like this, and they are ready to serve in every way they can."

President Koenike was accompanied to the Executive Mansion by Robert V. Fleming, president of the Riggs National Bank, Washington, and former president of the A.B.A.

Remember Pearl Harbor

THE deceit and treachery of the Japanese attack on Pearl Harbor makes American blood boil. There is only one answer; complete, smashing victory over those who attacked us.

WE PLEDGE the all-out cooperation of this bank. We will do everything we can to keep the financial machinery of wartime America running smoothly.

WE URGE every citizen to pitch in, to place America's welfare above every other consideration. Victory will come if we fight this war as a united people.

A.B.A. Has War Ads for Banks

Bank advertising material geared to war themes has been prepared by the Advertising Department of the American Bankers Association.

It comprises four advertisements, a poster, a blotter and a folder.

The copy carries a patriotic appeal, pledging bank aid in the national effort.

One of the ads is reproduced at the left and others appear on page 86.

War Themes On Trust Program

(Continued from page 82)

president, bank of the Manhattan Company, New York, and a forum discussion on the "Massachusetts Rule" led by Mayo A. Shattuck of Boston, Massachusetts.

The Wednesday afternoon program will consist of two concurrent sessions, one devoted to the problems of smaller trust departments and the other to the problems of larger trust departments.

Question Box

The closing session will be devoted again to the popular question box period. The leader

No Trust Banquet

Because of the war, the executive committee of the A.B.A. Trust Division has decided to cancel the annual banquet, primarily a social function, President R. G. Stockton of the Trust Division has announced.

for this feature will be Frederick A. Carroll, vice-president and trust officer, The National Shawmut Bank of Boston. This year for the first time there will be included on this panel a discussion of economic questions affecting trust business. Montfort Jones, who is professor of finance, University of Pittsburgh, will participate.

CONVENTIONS

American Bankers Association

1942	
Jan. 19-21	American Institute of Banking Executive Council Meeting, Evansville, Indiana
Feb. 3-5	Mid-Winter Trust Conference, The Waldorf-Astoria, New York City
Feb. 19-20	Real Estate Mortgage Clinic, New Washington Hotel, Seattle, Washington
Feb. 26-27	Real Estate Mortgage Clinic, St. Francis Hotel, San Francisco
Mar. 4-6	Eastern Regional Banking Conference, The Waldorf-Astoria, New York City
Apr. 19-22	Spring Meeting of the Executive Council, The Homestead, Hot Springs, Virginia
June 8-12	American Institute of Banking, New Orleans
Sept. 27-Oct. 1	Annual Convention, Book-Cadillac Hotel, Detroit, Michigan

State Associations

1942	
Jan. 19	New York State, Mid-Winter Meeting, The Waldorf-Astoria, New York City
Jan. 21-22	Wisconsin, Mid-Winter Conference, Hotel Pfister, Milwaukee
Jan. 22	Illinois, Mid-Winter Conference, Chicago
May 4-6	Arkansas, Arlington Hotel, Hot Springs
May 7-8	Oklahoma, Tulsa

May 8-9	North Carolina, Pinehurst
May 11-13	Mississippi (Place not decided)
May 11-13	Missouri (Place not decided)
May 13-14	Indiana, Claypool Hotel, Indianapolis
May 13-15	Kansas (Place not decided)
May 14-16	New Jersey, Traymore Hotel, Atlantic City
May 18-20	California, Hotel Del Monte, Del Monte
May 20-21	Ohio, Hotel Statler, Cleveland
May 20-22	Illinois, St. Louis, Missouri
May 21-23	Massachusetts, New Ocean House, Swampscott
May 26-28	Texas, Gunter Hotel, San Antonio
June 3-5	South Dakota, Cataract Hotel, Sioux Falls
June 3-7	District of Columbia, The Homestead, Hot Springs, Virginia
June 15-16	Oregon (Place not decided)
June 16-18	Wisconsin, Hotel Schroeder, Milwaukee
June 18-20	Montana, Yellowstone National Park
June 25-27	Virginia, The Homestead, Hot Springs
June 26-28	Maine, Poland Spring House, Poland Spring
July 8-10	Minnesota, Hotel Duluth, Duluth

Other Organizations

1942	
Jan. 20-22	Third Missouri Bankers University Conference, University of Missouri, Columbia, Missouri
Apr. 27-30	U. S. Chamber of Commerce, Washington, D. C.
Sept. 23-25	Savings Banks Association of State of New York, The Waldorf-Astoria, New York City

A.B.A. Adds 354 New Members in 8½ Months

The American Bankers Association obtained 354 new members between April 1, 1941, the date of the last published membership list, and Dec. 11.

As of the latter date eight states and the District of Columbia had the distinction of being 100 per cent in membership. On this honor roll were:

Arizona, District of Columbia, Idaho, Florida, New Mexico, Oregon, Nevada, Utah and Wyoming.

Here is the list of new members received in the period of about eight and a half months.

ALABAMA

Boaz.....Sand Mountain Bank
Maplesville.....Bank of Maplesville
Prichard.....Prichard National Bank
Springville.....Bank of Springville

ARKANSAS

Alma.....Commercial Bank
Belleville.....Belleville Bank
Booneville.....Citizens Bank
Chidester.....Bank of Chidester
Harrisburg.....Bank of Harrisburg
Malvern.....Malvern National Bank

CALIFORNIA

Fort Ord.....Monterey County Trust & Savings Bank of Salinas, Army Branch

COLORADO

Denver.....Denver Industrial Bank
Way.....First National Bank

CONNECTICUT

Middletown.....Central National Bank
Rockville.....Peoples Savings Bank
Southington.....Southington Savings Bank
Stamford.....Morris Plan Bank

DELAWARE

Townsend.....Townsend Trust Company

FLORIDA

Belle Glade.....Florida National Bank at Belle Glade
Miami.....Riverside Bank

GEORGIA

Acworth.....Bank of Acworth
Blakely.....Bank of Early
Brooklet.....Brooklet Banking Co.
Byromville.....Bank of Byromville
Cadwell.....Farmers Clearing Bank
Claxton.....Tippins Banking Company
Conyers.....Bank of Conyers
Dudley.....Bank of Dudley
Fairburn.....Fairburn Banking Co.
Gainesville.....Gainesville National Bank
Lenox.....Bank of Lenox
Madison.....Bank of Madison
Milledgeville.....Milledgeville Banking Co.
Ocholchnee.....Bank of Ocholchnee
Oglethorpe.....Bank of Oglethorpe
Pearson.....Citizens Exchange Bank
Rantz.....Rantz Banking Co.
Richland.....Richland Banking Co.
Rutledge.....Bank of Rutledge
Sharon.....Bank of Sharon
Talbotton.....Peoples Bank of Talbotton

Tallapoosa.....Commercial Bank
Union Point.....Bank of Union Point
Whigham.....Whigham Banking Co.

ILLINOIS

Buffalo.....Farmers State Bank
Chicago.....Northwest National Bank of Chicago
Chrisman.....First National Bank
East Dubuque.....State Bank of East Dubuque
Gibson City.....First National Bank in Gibson City
Shipman.....Citizens State Bank
West Frankfort.....Bank of West Frankfort

INDIANA

Bedford.....Stone City National Bank
Clinton.....Citizens State Bank of Newport, Br.

IOWA

Algona.....Security State Bank
Bedford.....Bedford National Bank
Brooks.....Bank of Brooks
Clutier.....Clutier State Bank
Cromwell.....Cromwell State Savings Bank
Davenport.....Northwest Bank & Trust Co.
Des Moines.....Iowa State Bank
Donahue.....Donahue Savings Bank
Emmetsburg.....Iowa Trust & Savings Bank
Luverne.....Farmers State Bank
Mediapolis.....Mediapolis Savings Bank
Northwood.....Northwood State Bank
Persia.....Home Savings Bank
Primghar.....Primghar Savings Bank
Riverside.....Peoples Trust & Savings Bank
Schaller.....State Bank of Schaller
Shell Rock.....Security State Bank
Williamsburg.....Farmers Trust & Savings Bank
Williamsburg.....Security Savings Bank
Urbana.....Urbana Savings Bank

KANSAS

Manter.....Manter State Bank
Mapleton.....Citizens State Bank
McLouth.....Bank of McLouth
Meriden.....State Bank of Meriden
Ozawie.....State Bank of Ozawie
Pilsen.....Pilsen State Bank
Stark.....Stark State Bank

KENTUCKY

Butler.....Farmers Bank
Clay.....Farmers Bank
Corinth.....Corinth Deposit Bank
Corydon.....Corydon Deposit Bank
Dixon.....Dixon Bank & Trust Co.
Dry Ridge.....Citizens Bank
Eubank.....First State Bank
Fountain Run.....Farmers Bank
Henderson.....Ohio Valley Trust Co.

Midway.....Citizens Bank
Poole.....Poole Deposit Bank
Scottsville.....Peoples State Bank

MAINE

Augusta.....Augusta Savings Bank
Bangor.....Bangor Savings Bank
Easton.....Frontier Trust Co., Br.
Gardiner.....Gardiner Savings Institution
Houlton.....Houlton Trust Co.
Island Falls.....Katahdin Trust Co., Br.
Patten.....Katahdin Trust Co.
Pittsfield.....First National Bank
Ogunquit.....Community Trust Co., Br.
Old Town.....Merrill Trust Co., Br.
Unity.....Federal Trust Co., Br.

MARYLAND

Germantown.....Germantown Bank
Glen Burnie.....County Trust Co., Br.
Hillsboro.....Liberty Bank, Br.
Kingsville.....Kingsville Bank
Lonaconing.....Liberty Trust Co. of Cumberland, Br.
Parkton.....First National Bank
Reisterstown.....Reisterstown Savings Bank of Baltimore County
St. Michaels.....County Trust Co., Br.
Sparks.....Sparks State Bank
Trappe.....Farmers & Merchants Bank of Easton, Br.
Upper Marlboro.....County Trust Co., Br.

MASSACHUSETTS

East Walpole.....Walpole Trust Co., Br.
Holyoke.....Peoples Savings Bank
Lowell.....Lowell Morris Plan Co.
Marblehead.....Marblehead Savings Bank
Melrose.....Melrose Savings Bank
Northampton.....Florence Savings Bank, Florence P. O.
Somerville.....Somerset Savings Bank, West
Wakefield.....Wakefield Savings Bank
Westfield.....Westfield Savings Bank
West Newton.....West Newton Savings Bank
Weymouth.....Weymouth Savings Bank
Worcester.....Worcester Morris Plan Banking Co.

MICHIGAN

Ann Arbor.....Ann Arbor Savings & Commercial Bank
Au Gres.....Au Gres State Bank
Battle Creek.....Security National Bank, Industrial Br.
Caspian.....Commercial Bank of Stambaugh, Br.
Clinton.....State Savings Bank
DeKerville.....Sanilac County Bank
Detroit.....Wabek State Bank, Welland Office
Ironwood.....National Metals Bank
Kalkaska.....Kalkaska State Bank
Laingsburg.....Union State Bank
Mancelona.....Antrim County State Savings Bank
New Lothrop.....State Bank of New Lothrop
Olivet.....Olivet State Bank
Standish.....State Bank of Standish

MINNESOTA

Albany.....First State Bank
Albany.....Stearns County State Bank
Annandale.....Annandale State Bank
Bemidji.....Security State Bank
Carlos.....First State Bank

Claremont.....Security State Bank
Clearbrook.....First State Bank
Cleveland.....Peoples State Bank
Clinton.....Clinton State Bank
Deer Creek.....First National Bank
Dennison.....State Bank of Dennison

Elgin.....Elgin State Bank
Fergus Falls.....First National Bank
Frazee.....Peoples State Bank
Gibson.....Citizens State Bank
Gibson.....State Bank of Gibson
Granger.....Granger State Bank
Harris.....State Bank of Harris
Hartland.....Farmers State Bank
Hayfield.....Citizens State Bank
Herman.....First National Bank
Heron Lake.....First National Bank
Holdingford.....Security State Bank
Kilkenny.....First National Bank
Lonsdale.....State Bank of Lonsdale
Maynard.....Security State Bank
Medford.....First State Bank
Miltona.....Miltona State Bank
Morristown.....State Bank of Morristown

New London.....Farmers State Bank
Oakland.....State Bank of Oakland
Oostburg.....Oostburg State Bank
St. James.....First National Bank
St. Peter.....First National Bank
Stewart.....First State Bank
Upsala.....Farmers State Bank
Vergas.....Vergas State Bank
Wheaton.....First State Bank
Wheaton.....State Bank of Wheaton

MISSISSIPPI

Ackerman.....Bank of Ackerman, Br. of Grenada Bank
Baldwyn.....Farmers and Merchants Bank
Calhoun City.....Calhoun County Bank, Br. of Grenada
Charleston.....Bank of Charleston, Br. of Grenada
Cleveland.....Bank of Cleveland, Br. of Grenada
Eupora.....Bank of Eupora, Br. of Grenada
Grenada.....Grenada Trust & Banking Co.
Guntown.....Peoples Bank & Trust Co.
Indianola.....Indianola Bank
Itta Bena.....Bank of Itta Bena, Br. of Grenada Bank
Louisville.....Bank of Louisville, Br. of Grenada Bank
Moorhead.....Bank of Moorhead, Br. of Grenada Bank
North Carrollton.....Peoples Bank & Trust Co.
Pickens.....Pickens Bank
Shannon.....Bank of Shannon
Shaw.....Bank of Shaw, Br. of Grenada Bank
Shelby.....Bank of Shelby, Br. of Grenada Bank
Sumner.....Bank of Sumner, Br. of Grenada Bank
Sunflower.....Citizens Bank
Tutwiler.....Tutwiler Bank

MISSOURI

Adrian.....Adrian Bank
Altenburg.....Bank of Altenburg
Avilla.....Bank of Avilla
Berger.....Farmers & Merchants Bank of Berger
Crocker.....Bank of Crocker
Cuba.....Peoples Bank
Curryville.....Bank of Curryville
Dixon.....State Bank of Dixon
Fisk.....State Bank of Fisk
Fornell.....First State Bank
Gallatin.....Bank of Gallatin
Gower.....Farmers Bank
Hannibal.....American Trust Co.
Hunnewell.....Bank of Hunnewell
Iberia.....Bank of Iberia

Levasy.....Bank of Levasy
Lutesville.....Bollinger Co. Bank
Maysville.....Farmers Bank of
Maysville
Pilot Grove.....Citizens Bank
St. Elizabeth.....Bank of St. Elizabeth
Tipton.....Tipton Farmers Bank
Winigan.....Citizens Bank

NEBRASKA

Ashton.....Ashton State Bank
Avoca.....Farmers State Bank
Burchard.....State Bank of Burchard
Cook.....Farmers Bank
Dalton.....Dalton State Bank
Dannebrog.....State Bank of
Dannebrog
Elba.....Elba State Bank
Elsie.....Commercial State
Bank
Fullerton.....Fullerton National
Bank
Hordville.....First State Bank
Madison.....Bank of Madison
Marquette.....First National Bank
Panama.....Bank of Panama
St. Mary.....Citizens State Bank
Shubert.....Citizens Bank
Sumner.....Security State Bank
Thayer.....Thayer Bank
Tobias.....Citizens National Bank

NEW HAMPSHIRE

Keene.....Keene Savings Bank

NEW JERSEY

Montclair.....First National Bank &
Trust Co., Bloom-
field Ave. Office

NEW MEXICO

Albuquerque.....New Mexico State
Bank

NEW YORK

Au Sable Forks, Plattsburg National
Bank & Trust Co.,
Br.
New York.....Bowers Savings Bank,
Fifth Ave. & 42 St.
Br.
Suffern.....Lafayette Bank &
Trust Co.
Warrensburg.....Emerson National
Bank
Yonkers.....Yonkers National
Bank & Trust Co.,
South Yonkers Br.
Yonkers.....Yonkers National
Bank & Trust Co.,
Elm St. Br.

NORTH CAROLINA

Charlotte.....City Industrial Bank
Concord.....Concord National
Bank
Durham.....Home Savings Bank
Holly Ridge.....Waccamaw Bank &
Trust Co., Br.
Marshville.....Mutual Bank & Trust
Co.

NORTH DAKOTA

Elgin.....Farmers State Bank
Kulm.....Kulm State Bank
Minto.....Bank of Minto
Mott.....Commercial Bank of
Mott
Sheldon.....Farmers State Bank
Webster.....Bank of Webster

OHIO

Akron.....First Industrial Bank
of Akron Company
Amelia.....Amelia State Bank
Baltic.....Baltic State Bank
Brecksville.....Brecksville Bank
Canal Fulton.....Exchange Bank Co.
Cleveland.....Continental Industrial
Bank
Dalton.....First State Bank
Farmersville.....Citizens Bank
Germantown.....Farmers & Citizens
Savings Bank Co.
Good Hope.....Farmers Bank of Good
Hope
Grove City.....First National Bank
Leesburg.....Citizens Bank &
Savings Co.
Marblehead.....Marblehead Bank Co.
Miamisburg.....Farmers & Merchants
Bank
Middlefield.....Middlefield Banking
Co.
Mt. Victory.....Mt. Victory State
Bank
New Carlisle.....New Carlisle National
Bank
New Paris.....First National Bank
New Vienna.....New Vienna Bank
Niles.....Niles Bank Co.
North
Bloomfield.....North Bloomfield
Banking Co.
North Fairfield.....Willard United Bank,
Br.
Peebles.....Farmers Bank & Sav-
ings Co.
Sabina.....First National Bank
Sharon Center.....Sharon Center
Banking Co.
Sharonville.....Sharonville Bank
Uhrichsville.....United Bank
West Mansfield.....Union Banking Co.

OKLAHOMA

Bekoshe.....State Exchange Bank
Coweta.....First National Bank
COWETA.....Security National
Bank
Drumright.....Citizens Bank
Fairfax.....Fairfax National Bank
Glencoe.....Glencoe State Bank
Grandfield.....First State Bank
Jay.....Delaware County
Bank
Keyes.....First State Bank
Oklahoma City.....Central Morris Plan
State Bank
Ryan.....First State Bank
Tulsa.....West Tulsa State Bank
Welch.....Welch State Bank

Wilson.....Bank of Wilson
Wyandotte.....Bank of Wyandotte

PENNSYLVANIA

Bellefonte.....Farmers National
Bank
Berlin.....First National Bank
Berville.....First National Bank
Camp Hill.....Camp Hill National
Bank
Dickson.....First National Bank of
Dickson City
Forest City.....First and Farmers
National Bank
Genesee.....First National Bank
Kittanning.....Armstrong County
Trust Co.
Mahanoy City.....American Bank
Martinsburg.....First National Bank
Matamoras.....Bank of Matamoras
Meyersdale.....Second National Bank
Mill Hall.....Mill Hall State Bank
Morton.....Morton National Bank
Stoytown.....First National Bank
Three Springs.....First National Bank

SOUTH CAROLINA

Fort Jackson.....South Carolina
National Bank, Br.
Ninety-Six.....Bank of Greenwood, Br.
Rock Hill.....Rock Hill National
Bank
Williamston.....Pitzer-Williamston
Bank

SOUTH DAKOTA

Bruce.....Bank of Bruce
Columbia.....Columbia State Bank
Edgemont.....Southern Hills Bank
Fairview.....Fairview State Bank
Highmore.....First State Bank
Lake Norden.....First National Bank &
Trust Co.
Stickney.....Farmers State Bank
Stockholm.....Stockholm State Bank
Wilmot.....Wilmot State Bank

TENNESSEE

Chapel Hill.....First State Bank
Clifton.....Peoples Bank of
Clifton
Dyersburg.....Dyersburg State Bank
Lawrenceburg.....First National Bank
Mosheim.....Mosheim Bank
Parsons.....Farmers Bank
Riceville.....Riceville Bank

TEXAS

Brady.....Brady National Bank
Brownsville.....First State Bank
Buffalo.....Citizens State Bank
Cross Plains.....Citizens State Bank
Fort Worth.....North Fort Worth
State Bank
Fredericksburg.....Security State Bank
Hedley.....Security State Bank
Lueders.....Farmers State Bank
Miles.....Citizens State Bank
Prosner.....Prosner State Bank

Ropesville.....First State Bank
Shiner.....First National Bank
Wellington.....First National Bank
Wilson.....Wilson State Bank

VERMONT

Chester.....National Bank of
Chester
Danville.....Caledonia National
Bank
Enosburg Falls.....Enosburg Falls
National Bank
St. Johnsbury.....Passumpsic Savings
Bank

VIRGINIA

Alexandria.....Alexandria National
Bank
Glasgow.....Bank of Glasgow, Inc.
Hayti.....Cumberland Bank &
Trust Co., Br.
LaCrosse.....Bank of LaCrosse
Martinsville.....Piedmont Trust Bank
White Stone.....Peoples Bank of White
Stone

WASHINGTON

Port Angeles.....Olympic State Bank

WEST VIRGINIA

Buffalo.....Buffalo Bank
Parsons.....Tucker County Bank
Spencer.....Traders Trust &
Banking Co.

WISCONSIN

Argyle.....State Bank of Argyle
Berlin.....Farmers & Merchants
Bank
Black Creek.....Bank of Black Creek
Bloomer.....Peoples State Bank
Bonduel.....Bonduel State Bank
Cambria.....Cambria State Bank
Cascade.....State Bank of Cascade
Denmark.....Denmark State Bank
Edgar.....Bank of Edgar
Gillett.....Gillett State Bank
Gleason.....Gleason State Bank
Jackson.....Bank of Jackson
Kiel.....State Bank of Kiel
Lake Mills.....Bank of Lake Mills
Lone Rock.....Farmers Bank
Madison.....Madison Trust Co.
Maribel.....Maribel State Bank
Mt. Calvary.....Mt. Calvary State
Bank
Nichols.....State Bank of Nichols
Peshtigo.....Peshtigo State Bank
Richfield.....Richfield State Bank
Sherwood.....Sherwood State Bank
South Wayne.....Bank of South Wayne
Tomah.....Farmers & Merchants
Bank
Two Rivers.....Two Rivers Savin
g Bank

MEXICO

Tijuana.....Banco del Pacifico
S. A. Br.

Service to Members

At the right are three
advertisements, keyed to
war themes, which were
prepared for the use of
banks by the Advertising
Department of the Amer-
ican Bankers Association
soon after the United
States entered the war.
There is a story on this
service in **BANKING'S**
News Paper.

Send Your Dollars to War



Fighting dollars are needed. Enlist yours
in America's fight for freedom.

BUY U. S. DEFENSE BONDS

They are available at this bank at pur-
chase prices of \$18.75; \$37.50; \$75;
\$375 and \$750.

S-967

The Effect of War on Our Loan Policy

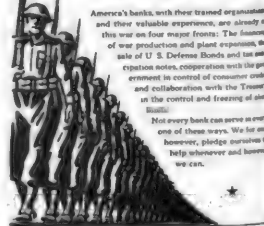
With the coming of war, the loan policy
of America's banks everywhere shifted to
a wartime basis.

This does not mean that war and defense
loans are the only kind that banks will
make. But it does mean that loans which
will contribute to Victory will have pre-
ference.

We will continue lending for non-defense
purposes whenever such loans are sound
and invite you to apply when you wish
credit.

G-152

BANKING FIGHTS, TOO— on Four Fronts



America's banks, with their trained organization
and their valuable experience, are already in
this war on four major fronts: The issuance
of war production and plant expansion, the
sale of U. S. Defense Bonds and the man-
agement of war production and plant expansion,
and collaboration with the Treasury
in the control and freezing of assets.

Not every bank can serve as well
one of these wars. We for one,
however, pledge ourselves to
help whenever and wherever
we can.

G-144

Defense Savings Pay-Roll Allotment Plan

Now company heads can help their country, their employees, and themselves

voluntary pay-roll allotment plan helps workers provide for the future helps build future buying power helps defend America today

This is no charity plea. It is a sound business proposition that vitally concerns the present and future welfare of your company, your employees, and yourself.

During the post-war period of readjustment, you may be faced with the unpleasant necessity of turning employees out into a confused and cheerless world. But you, as an employer, can do something *now* to help shape the destinies of your people. Scores of business heads have adopted the Voluntary Pay-roll Allotment Plan as a simple and easy way for every worker in the land to start a systematic and continuous Defense Bond savings program.

Many benefits . . . present and future. It is more than a sensible step toward reducing the ranks of the post-war needy. It will help spread financial participation in National Defense among all of America's wage earners.

The widespread use of this plan will materially retard inflation. It will "store" part of our pyramiding national income that would otherwise be spent as fast as it's earned, increasing the demand for our diminishing supply of consumer goods.

And don't overlook the immediate benefit . . . money for defense materials, quickly, continuously, *willingly*.

Let's do it the American way! America's talent for working out emergency problems, democratically, is being tested today. As always, we will work it out, without pressure or coercion . . . in that old American way; each businessman strengthening his *own* house; not waiting for his neighbor to do it. That custom has, throughout history, enabled America to get things done *of its own free will*.

In emergencies, America doesn't do things "hit-or-miss." We would get there eventually if we just left it to everybody's whim to buy Defense Bonds when they thought of it. But we're a nation of businessmen who understand that the way to get a thing done is to *systematize* the operation. That is why so many employers are getting back of this Voluntary Savings Plan.

Like most efficient systems, it is amazingly simple. All you have to do is offer your employees the convenience of having a fixed sum allotted, from each pay envelope, to the purchase of Defense Bonds. The employer holds these funds in a separate bank account, and delivers a Bond to the employee each time his allotments accumulate to a sufficient amount.

Each employee who chooses to start this savings plan decides for himself the denomination of the Bonds to be purchased and the amount to be allotted from his wages each pay day.

How big does a company have to be? From three employees on up. Size has nothing to do with it. It works equally well in stores, schools, publishing houses, factories, or banks. This whole idea of pay-roll allotment has been evolved by businessmen in cooperation with the Treasury Department. Each organization adopts its own simple, efficient application of the idea in accordance with the needs of its own set-up.

No chore at all. The system is so simple that A. T. & T. uses exactly the same easy card system that is being used by hundreds of companies having fewer than 25 employees! It is simple enough to be handled by a check-mark on a card each pay day.

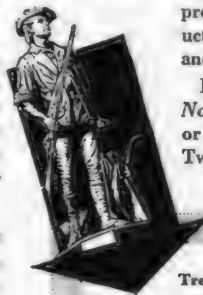
Plenty of help available. Although this is *your* plan when you put it into effect, the Treasury Department is ready and willing to give you all kinds of help. Local civilian committees in 48 States are set up to have experienced men work with you just as much as you want them to, and no more.

Truly, about all *you* have to do is to indicate your willingness to get your organization started. We will supply most of the necessary material, and no end of help.

The first step is to take a closer look. Sending in the coupon in no way obligates you to install the Plan. It will simply give you a chance to scrutinize the available material and see what other companies are already doing. It will bring you samples of literature explaining the benefits to employees and describing the various denominations of Defense Savings Bonds that can be purchased through the Plan.

Sending the coupon does nothing more than signify that you are anxious to do *something* to help keep your people off relief when defense production sloughs off; *something* to enable all wage earners to participate in financing Defense; *something* to provide tomorrow's buying power for your products; *something* to get money *right now* for guns and tanks and planes and ships.

France left it to "hit-or-miss" . . . and missed. Now is the time for *you* to act! Mail the coupon or write Treasury Department, Section A, 709 Twelfth St. NW., Washington, D. C.



FREE - NO OBLIGATION

Treasury Department, Section A,
709 Twelfth St. NW., Washington, D. C.

Please send me the free kit of material being used by companies that have installed the Voluntary Defense Savings Pay-Roll Allotment Plan.

Name

Position

Company

Address

ADventures in BANKING

NUMBER FIVE OF A SERIES
No. 1 "The Lowly Penny"
No. 2 "The Versatile Nickel"
No. 3 "The Dutiful Dime"
No. 4 "The Capable Quarter"

The Industrious Dollar

The dollar is the most industrious member of our monetary family. American ingenuity of mind and skill of labor merge with the dollar to perform miracles of production. Watch the dollars on our industrial speedometer — they'll tell you how rapidly American industry is forging forward to challenge all aggressors.

Industrious, too, are the thousands of dollars annually invested in BANKING'S advertising columns. The messages they bring our readers illustrate the many ways in which our modern banking system serves the Nation at war. Join us, for a moment, and see how industriously these advertising dollars do their bit.

Alert

MORE than ever before, America's cooperative method of correspondent banking is on the alert, guarding the interests of national preparedness. To maintain a healthy, vigorous banking structure and to speed defense orders, requirements of defense financing frequently must be shared by a bank's correspondent.

New methods and new markets are on the march, and our banks — working in close cooperation through correspondent banking channels — quickly uncover information needed to help their industrial customers keep pace with the parade.

Indicative of this universal spirit of cooperative service is the "alert" advertisement on page 55.

Protecting

BANKS must protect the welfare of their depositors — and among these depositors are the men who man our weapons of war and the men who make them.

Protection against embezzlements, burglary, robbery, forgery and similar hazards is one essential towards gaining this objective, and critical times call for all-out coverages to meet any emergency.

On page 56 you will find the advertisement of a company that renders banks this needed service. For nearly 20 years the advertising dollars of this company have been at work in BANKING, industriously calling the attention of our readers to its swift, efficient action when protection is desired, or should losses occur.

Serving

BANKS are the mechanized divisions along our financial front. Their machines and systems complete financial transactions swiftly and surely, gain precious time all down the industrial line. Raw materials are gathered into the sinews of armed strength and finished products roll quickly to their destinations — transactions that require speedy payment by check so more may come without loss of time or money.

The advertisement on Cover II tells how banks can fulfill this important mission by providing modern checking systems and services at a saving of minutes, materials and manpower.

Banks and Defense

AMERICAN banks have enlisted! They help finance defense orders. They help meet payrolls and solve other problems for defense industries and our armed forces. They help the Government freeze foreign funds and sell defense bonds. They perform hundreds of usual and unusual services swiftly and safely.

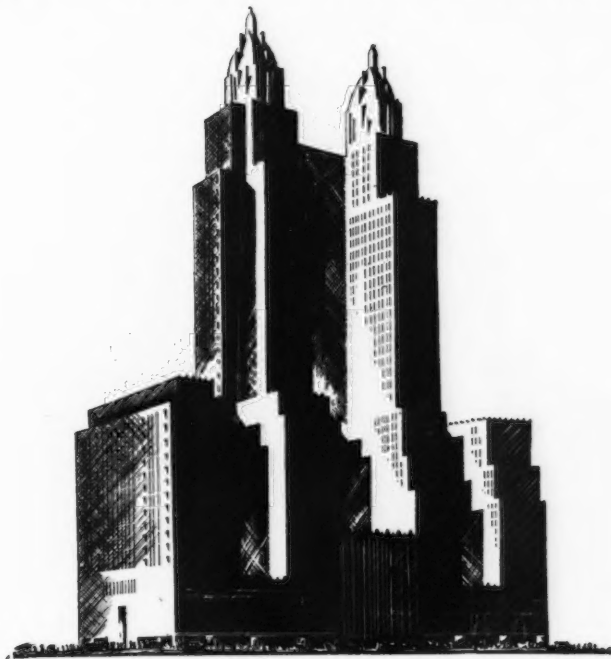
Banks and manufacturers whose facilities or products can assist banks in shouldering their share in the defense effort will find BANKING's advertising columns the quickest, most economical way of transmitting their messages.

BANKING's readership of 100,000 among bankers and business executives knows that BANKING publishes authoritative information that helps them help America win this war!

Non-advertisers in BANKING will find it a worth-while ADventure to draft some of their dollars for service in BANKING's advertising columns. There they will join other industrious dollars hard at work helping an organized banking system that knows there is a job ahead to find better methods of getting it done. And it takes remarkably few dollars to tell a story in this "magazine of influence among men of influence." BANKING, Journal of the American Bankers Association.

Convention Headquarters

AMERICAN BANKERS ASSOCIATION*



SPECIAL CONVENTION RATES TO A.B.A. MEMBERS

*** Midwinter Trust Conference — Feb. 3-4-5**

*** Regional Conference — March 4-5-6**

These two important conferences again show the preference that bankers and other business leaders have for The Waldorf-Astoria. The Waldorf is convenient to railway and airway terminals; easily accessible from all New York's financial and business districts. And it's the place, too, for your personal headquarters —

homelike rooms equipped with every modern convenience — six restaurants offering a wide variety of menus, entertainment and prices — and within strolling distance is the smart world of New York clubs, theatres and shops. Correspondence concerning reservations and rates should be addressed to Frank A. Ready, Manager.

THE WALDORF-ASTORIA

PARK AVENUE · 49TH TO 50TH STREETS · NEW YORK



WE STRIVE TO BUILD
THE WORLD'S BEST
ADDING MACHINES

*AND OUR USERS
BELIEVE WE DO*

ALLEN  WALES

ADDING MACHINE CORPORATION

444 Madison Avenue, New York, N. Y.

SALES AND SERVICE IN 400 AMERICAN CITIES AND IN 40 FOREIGN COUNTRIES

